

<i>SERFF Tracking Number:</i>	<i>PRLC-126387691</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>44142</i>
<i>Company Tracking Number:</i>	<i>GPR 40113-17</i>		
<i>TOI:</i>	<i>A03G Group Annuities - Deferred Variable</i>	<i>Sub-TOI:</i>	<i>A03G.002 Flexible Premium</i>
<i>Product Name:</i>	<i>GPR 40113-17</i>		
<i>Project Name/Number:</i>	<i>GPR 40113-17/GPR 40113-17</i>		

## Filing at a Glance

Company: Principal Life Insurance Company

Product Name: GPR 40113-17

SERFF Tr Num: PRLC-126387691 State: Arkansas

TOI: A03G Group Annuities - Deferred Variable SERFF Status: Closed-Approved-  
Closed State Tr Num: 44142

Sub-TOI: A03G.002 Flexible Premium

Co Tr Num: GPR 40113-17

State Status: Approved-Closed

Filing Type: Form

Reviewer(s): Linda Bird

Authors: Joel Sungren, Karla  
Waldron

Disposition Date: 11/23/2009

Date Submitted: 11/19/2009

Disposition Status: Approved-  
Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: GPR 40113-17

Status of Filing in Domicile: Authorized

Project Number: GPR 40113-17

Date Approved in Domicile: 11/09/2009

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Small and Large

Overall Rate Impact:

Group Market Type: Employer, Trust

Filing Status Changed: 11/23/2009

Explanation for Other Group Market Type:

State Status Changed: 11/23/2009

Deemer Date:

Created By: Karla Waldron

Submitted By: Karla Waldron

Corresponding Filing Tracking Number:

Filing Description:

No part of this filing contains any unusual or possibly controversial items from normal company or industry standards, except as clearly described in this letter.

The following is a list of the riders being filed, similar riders previously approved by your department, and the contracts with which the new riders will be used:

SIMILAR RIDER

GROUP ANNUITY RIDER PREVIOUSLY APPROVED GROUP ANNUITY CONTRACT

<i>SERFF Tracking Number:</i>	<i>PRLC-126387691</i>	<i>State:</i>	<i>Arkansas</i>
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GPR 40113-17	GPR 40113-16	GPA 5950
GPR 40114-17	GPR 40114-16	GPA 5954
GPR 47187-12	GPR 47187-11	GPA 5990
GPR 48916-12	GPR 48916-11	GPA 5913-2 & GPA 5914-3
GPR 48917-12	GPR 48917-11	GPA 5939-2
GPR 48918-10	GPR 48918-9	GPA 5955 & GPA 5955-1
GPR 48919-10	GPR 48919-9	GPA 6299
GPR 49523-13	GPR 49523-12	GPA 5997 & GPA 5997-1
GPR 49606-10	GPR 49606-9	GPA 5997 & GPA 5997-1
GPR 56588-2	GPR 56588-1	GPA 5997 & GPA 5997-1

These separate accounts are not registered with the Securities Exchange Commission ("SEC"). Under Section 3(a) (2) of the Securities Act of 1933, insurance company separate accounts are exempt from registration if those separate accounts are used to hold funds of retirement plans listed in Section 3(a)(2). These separate accounts will only be used with plans listed in Section 3(a)(2). Therefore, they will comply with Section 3(a)(2), and no prospectus is required.

We have changed the riders from those previously approved in the following ways:

- We removed Principal Ultra Short Bond Separate Account from the riders listed above. We are merging Principal Ultra Short Bond Separate Account into Principal Money Market Separate Account. We have filed an endorsement under separate cover to make this change for existing clients.
- We have added two (2) new Separate Accounts to the riders noted above. These Separate Accounts are:
  - o Principal Bond Market Index Separate Account
  - o Principal International Equity Index Separate Account
- We have added these Separate Accounts to the other provisions of the riders where applicable.
- We have updated the Management Fee tables to include the fees for the Separate Accounts, for applicable riders. For riders GPR 48916-12, GPR 48917-12, GPR 48918-10, GPR 48919-10, GPR 49523-13, GPR 49606-10, and GPR 56588-2 we do not state the specific Management Fees. Instead, we report the selected Management Fee to the contractholder.

At some time in the future, it may be necessary for us to change the format, fonts, page breaks, etc. in these forms in order to accommodate new technology or new printing equipment. We reserve the right to make these types of changes without re-filing as long as there is no change in the text of these forms. However, any such accommodation will not result in the use of a font or type style or size which would violate any state law or regulation.

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Bracketed areas indicate those parts of the text which either may be varied to meet the requirements of a particular customer or may be changed to reflect the experience of Principal Life Insurance Company on these forms issued after the date of change. The Explanation of Variables explains the changes we contemplate for these bracketed areas.

## Company and Contact

### Filing Contact Information

Ellen Tanner, tanner.ellen@principal.com  
710 9th St 800-543-4015 [Phone] 59914 [Ext]  
Des Moines, IA 50309 515-235-1953 [FAX]

### Filing Company Information

Principal Life Insurance Company CoCode: 61271 State of Domicile: Iowa  
711 High Street Group Code: 332 Company Type:  
Des Moines, IA 50309 Group Name: State ID Number:  
(515) 246-7517 ext. [Phone] FEIN Number: 42-0127290

## Filing Fees

Fee Required? Yes  
Fee Amount: \$200.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Principal Life Insurance Company	\$200.00	11/19/2009	32163068

<i>SERFF Tracking Number:</i>	<i>PRLC-126387691</i>	<i>State:</i>	<i>Arkansas</i>
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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Approved-Closed	Linda Bird	11/23/2009	11/23/2009

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## Disposition

Disposition Date: 11/23/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PRLC-126387691 State: Arkansas

Filing Company: Principal Life Insurance Company State Tracking Number: 44142

Company Tracking Number: GPR 40113-17

TOI: A03G Group Annuities - Deferred Variable Sub-TOI: A03G.002 Flexible Premium

Product Name: GPR 40113-17

Project Name/Number: GPR 40113-17/GPR 40113-17

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	No	No
Supporting Document	Application	No	No
Supporting Document	Life & Annuity - Acturial Memo	No	No
Supporting Document	Explanation of Variables	Yes	Yes
Form	SEPARATE INVESTMENT ACCOUNT RIDER	Yes	Yes
Form	SEPARATE INVESTMENT ACCOUNT RIDER	Yes	Yes
Form	SEPARATE ACCOUNT INVESTMENT RIDER	Yes	Yes
Form	SEPARATE ACCOUNT INVESTMENT RIDER--PREMIER	Yes	Yes
Form	SEPARATE ACCOUNT INVESTMENT RIDER--PREMIER	Yes	Yes
Form	SEPARATE INVESTMENT RIDER--PREMIER	Yes	Yes
Form	SEPARATE INVESTMENT RIDER--PREMIER	Yes	Yes
Form	PREMIER SEPARATE ACCOUNT BALANCE RIDER - ALLOCATED	Yes	Yes
Form	PREMIER SEPARATE ACCOUNT BALANCE RIDER - DEFINED BENEFIT UNALLOCATED	Yes	Yes
Form	PREMIER SEPARATE ACCOUNT BALANCE RIDER - UNALLOCATED	Yes	Yes

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Product Name: GPR 40113-17

Project Name/Number: GPR 40113-17/GPR 40113-17

## Form Schedule

### Lead Form Number: GPR 40113-17

Schedule Item Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
	GPR 40113-17	Policy/Cont SEPARATE ract/Fratern INVESTMENT al ACCOUNT RIDER Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GPR 40113-17.pdf
	GPR 40114-17	Policy/Cont SEPARATE ract/Fratern INVESTMENT al ACCOUNT RIDER Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GPR 40114-17.pdf
	GPR 47187-12	Policy/Cont SEPARATE ract/Fratern ACCOUNT al INVESTMENT Certificate: RIDER Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GPR 47187-12.pdf
	GPR 48916-12	Policy/Cont SEPARATE ract/Fratern ACCOUNT al INVESTMENT Certificate: RIDER--PREMIER	Initial		0.000	GPR 48916-12.pdf

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	Amendmen t, Insert Page, Endorseme nt or Rider			
GPR 48917-12	Policy/Cont SEPARATE ract/Fratern ACCOUNT al INVESTMENT Certificate: RIDER--PREMIER Amendmen t, Insert Page, Endorseme nt or Rider	Initial	0.000	GPR 48917- 12.pdf
GPR 48918-10	Policy/Cont SEPARATE ract/Fratern INVESTMENT al RIDER--PREMIER Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	0.000	GPR 48918- 10.pdf
GPR 48919-10	Policy/Cont SEPARATE ract/Fratern INVESTMENT al RIDER--PREMIER Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	0.000	GPR 48919- 10.pdf
GPR 49523-13	Policy/Cont PREMIER ract/Fratern SEPARATE al ACCOUNT Certificate: BALANCE RIDER - Amendmen ALLOCATED t, Insert	Initial	0.000	GPR 49523- 13.pdf



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GPR 49606-10	Page, Endorseme nt or Rider	Initial	0.000	GPR 49606- 10.pdf
	Policy/Cont PREMIER ract/Fratern SEPARATE al ACCOUNT Certificate: BALANCE RIDER - Amendmen DEFINED BENEFIT t, Insert UNALLOCATED Page, Endorseme nt or Rider			
GPR 56588-2	Page, Endorseme nt or Rider	Initial	0.000	GPR 56588- 2.pdf
	Policy/Cont PREMIER ract/Fratern SEPARATE al ACCOUNT Certificate: BALANCE RIDER - Amendmen UNALLOCATED t, Insert Page, Endorseme nt or Rider			

## **Principal Life Insurance Company**

### **SEPARATE INVESTMENT ACCOUNT RIDER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit both the number of Separate Accounts available under the contract and the number available to each Member. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Emphasis Balanced Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account

Principal LifeTime 2030 Separate Account  
 Principal LifeTime 2035 Separate Account  
 Principal LifeTime 2040 Separate Account  
 Principal LifeTime 2045 Separate Account  
 Principal LifeTime 2050 Separate Account  
 Principal LifeTime 2055 Separate Account  
 Principal LifeTime Strategic Income Separate Account  
 Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Stock Emphasis Balanced Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal Total Market Stock Index Separate Account  
 Principal U.S. Property Separate Account

Although all Separate Accounts listed above may be available under this contract, you may send us Written Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Written Notification by sending us a new Written Notification.

**A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts. A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such

Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Emphasis Balanced Separate Account.** Principal Bond Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in bonds, mortgages, commercial paper and other fixed income type investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in common stocks and other equity investments.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside

the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks.

If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2010 Separate Account.** Principal LifeTime 2010 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2015 Separate Account.** Principal LifeTime 2015 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2020 Separate Account.** Principal LifeTime 2020 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2025 Separate Account.** Principal LifeTime 2025 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2030 Separate Account.** Principal LifeTime 2030 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2035 Separate Account.** Principal LifeTime 2035 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2040 Separate Account.** Principal LifeTime 2040 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2045 Separate Account.** Principal LifeTime 2045 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2050 Separate Account.** Principal LifeTime 2050 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2055 Separate Account.** Principal LifeTime 2055 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime Strategic Income Separate Account.** Principal LifeTime Strategic Income Separate Account invests in portfolios of the Principal Investors Fund Inc. The portfolio uses a moderate allocation strategy that is intended to give the assets exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures,

other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** The Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such

as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor’s 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor’s 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor’s 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this

Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Stock Emphasis Balanced Separate Account.** Principal Stock Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in common stocks and other equity investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in bonds, mortgages, commercial paper and other fixed income type investments.

**Principal Strategic Asset Management Balanced Separate Account.** Principal Strategic Asset Management Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Balanced Separate Account.** Principal Strategic Asset Management Conservative Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal Strategic Asset Management Conservative Growth Separate Account.** Principal Strategic Asset Management Conservative Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Flexible Income Separate Account.** Principal Strategic Asset Management Flexible Income Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Strategic Growth Separate Account.** Principal Strategic Asset Management Strategic Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Total Market Stock Index Separate Account.** Principal Total Market Stock Index Separate Account is invested in a manner calculated to give a result similar to the Standard and Poor's 1500 Supercomposite Stock Index (or a similar stock index if the Standard and Poor's 1500 Supercomposite Stock Index is no longer calculated). Initially, this Separate Account will be invested in the other Principal Stock Index Separate Accounts we offer. If we choose, the Separate Account may also be invested in stocks or securities, stock index futures, commercial paper, mutual funds or other funds managed by other investment managers, and other types of investments as permitted under applicable state law. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.】

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual

Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating Expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

Business Day means a day on which both we and the New York Stock Exchange are open for business, or any other day which we agree will be a Business Day. If you request a list of our Business Days for any calendar year, we will provide you with the list.

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you written notice at least 30 days before the date the change is to take effect.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this class of contracts for each Separate Account.

【The assets of Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account and Principal Total Market Stock Index Separate Account will pay Management Fees under our other Separate Accounts in which they are invested. An additional Management Fee will be charged under these Separate Accounts only for management services actually performed exclusively for assets held in these Separate Accounts.】

A pro rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period 【means the period from the end of a Valuation Date to the end of the next following Valuation Date.】

- D. SEPARATE INVESTMENT ACCOUNT.** A Separate Investment Account is established for each Member for a Separate Account for each type of Contribution a Member directs to such Separate Account.

【An Unallocated Separate Investment Account will be established for Contributions we accept for which we do not have investment direction or for which you have Notified us that such Contributions are not to be allocated at this time. You may Notify us of the Separate Account you wish to be used as the Unallocated Separate Investment Account. If you have not given us such Notification, we will establish such an account for this contract using the Principal Money Market Separate Account. In any event, if you do not wish to have an Unallocated Separate Investment Account established hereunder, you may so Notify us and we will not establish one. If no Unallocated Separate Investment Account is established under this contract, all Contributions for which we have no investment direction will be directed to Member's Guaranteed Interest Investment with the shortest Guarantee Period then available under the contract.】

【Unallocated Separate Investment Account means the account established to hold unallocated Contributions, invested in the separate account specified by you or the Principal Money Market Separate Account, and operates as if it were a Member's account. By mutual agreement with us, you may specify one or more other Separate Accounts to use as Unallocated Separate Investment Accounts. If more than one Unallocated Separate Investment Account is established, you must Notify us which Unallocated Separate Investment Account is to be used for any such unallocated Contributions.】

- E. RETURNS CREDITED TO SEPARATE INVESTMENT ACCOUNTS.** Each Separate Investment Account established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Investment Accounts established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Investment Account for each Valuation Date by multiplying the number of Separate Account units held in the Separate Investment Account by the applicable Unit Value. A Unit Value is the dollar value for one unit.

Contributions or transfers to a Separate Investment Account increase the number of Separate Account units credited to it. Transfers and payments from a Separate Investment Account reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Investment Account on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Investment Account we will use the Unit Value applicable to the Separate Investment Account for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

- G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),

3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the

request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.】

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

#### **H. TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT ACCOUNT.**

We will, upon Written Notification from you (the Member if permitted by the Plan), and subject to our right to defer a transfer or payment as described in Section I,

1. transfer to the Member’s Guaranteed Interest Account or another Separate Investment Account all or any portion of the Separate Investment Account specified, or
2. transfer to another Funding Agent all or any portion of the Member’s Separate Investment Account, or
3. pay the Member an amount equal to all or any portion of the Member’s Separate Investment Account, or
4. pay all or a part of a Member's Separate Investment Account to the Member as a loan if permitted by the Plan.

The amount to be paid or transferred will be determined and paid or transferred within 【seven】 Business Days after (i) the Valuation Date on which we receive the Written Notification, or (ii) a later Valuation Date specified in the Written Notification.

Payments and transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred or paid will be deducted from the Separate Investment Account from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Investment Account may occur only on a Valuation Date of that Separate Account.

We are not responsible for the application of amounts transferred to another Funding Agent.

- I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT ACCOUNT.** In general, transfers and payments from a Separate Investment Account will be made within **[seven]** Business Days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death, payments to a Member due to disability or retirement under the Plan, and to purchases of annuities under the contract.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Investment Account if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:

- a. the amount of the request, divided by
- b. the amount of all waiting requests, multiplied by
- c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article VII, Section 17, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the total of all Separate Investment Accounts invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Account investments or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Investment Account. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

- 1. \$1,000,000 and 12 months, respectively, for 【Principal International SmallCap Separate Account, and Principal International Emerging Markets Separate Account.】
- 2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except 【Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.】



**Mutual Fund Limitation.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

- J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Internal Revenue code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Accounts. If we decide that you must transfer assets from the Separate Accounts, we will send you a notice describing your options. Your Written Notification must clearly specify the Guaranteed Interest Account(s) where you want the Separate Account assets invested or the Funding Agent to which you want the assets transferred. If we do not receive an acceptable Written Notification from you within five Business Days, we will transfer the assets to the Guaranteed Interest Account with the shortest duration.
- K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.
- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfman". The signature is fluid and cursive, with the first name "Jay" and last name "Zinfman" clearly distinguishable.

Chairman, President and  
Chief Executive Officer

## TABLE OF SEPARATE ACCOUNT FEATURES

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.06	3.00	270
Principal Bond Emphasis Balanced Separate Account	None	3.00 <sup>1</sup>	270
Principal Bond Market Index Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Capital Appreciation Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Core Plus Bond I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Disciplined LargeCap Blend Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Diversified International Separate Account	2.41	3.00	270
Principal Equity Income Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Government & High Quality Bond Separate Account	1.91	3.00	90
Principal High Quality Intermediate-Term Bond Separate Account	1.91	3.00	270
Principal High Yield I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Income Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Inflation Protection Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International Emerging Markets Separate Account	2.86	3.00	270
Principal International Equity Index Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International Growth Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International SmallCap Separate Account	2.81	3.00	270
Principal LargeCap Blend I Separate Account	2.11	3.00	270
Principal LargeCap Blend II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap Growth Separate Account	2.06	3.00	270
Principal LargeCap Growth I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap Growth II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap S&P 500 Index Separate Account	1.66	3.00	270
Principal LargeCap Value Separate Account	1.96	3.00	270
Principal LargeCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal LargeCap Value III Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LifeTime 2010 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2015 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2020 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2025 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2030 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2035 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2040 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2045 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2050 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2055 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime Strategic Income Separate Account	1.51 <sup>3</sup>	3.00	270
Principal MidCap Blend Separate Account	2.16	3.00	270
Principal MidCap Growth Separate Account	2.16	3.00	270
Principal MidCap Growth III Separate Account	1.51 <sup>2</sup>	3.00	270
Principal MidCap S&P 400 Index Separate Account	1.66	3.00	270
Principal MidCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal MidCap Value III Separate Account	2.16	3.00	270
Principal Money Market Separate Account	1.91	3.00	90
Principal Preferred Securities Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Real Estate Securities Separate Account	1.65 <sup>2</sup>	3.00	270
Principal Short-Term Bond Separate Account	1.91	3.00	270
Principal SmallCap Blend Separate Account	2.26	3.00	270
Principal SmallCap Growth Separate Account	2.26	3.00	270
Principal SmallCap Growth I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap Growth II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap S&P 600 Index Separate Account	1.66	3.00	270
Principal SmallCap Value Separate Account	2.26	3.00	270
Principal SmallCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap Value II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Stock Emphasis Balanced Separate Account	None	3.00 <sup>1</sup>	270
Principal Strategic Asset Management Balanced Separate Account	1.51 <sup>3</sup>	3.00	270

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Strategic Asset Management Conservative Balanced Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Conservative Growth Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Flexible Income Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Strategic Growth Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Total Market Stock Index Separate Account	None	3.00 <sup>1</sup>	270
Principal U.S. Property Separate Account	2.50	4.00	3 Years]

- <sup>1</sup> The maximum annual Management Fee percentage includes Management Fees paid under this Separate Account (currently none) and the Separate Accounts in which this Separate Account is invested.
- <sup>2</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges.
- <sup>3</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges. In addition to this charge, the underlying mutual fund will bear a pro rata share of the expenses of the funds in which it invests.

## **Principal Life Insurance Company**

### **SEPARATE INVESTMENT ACCOUNT RIDER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the contract. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Emphasis Balanced Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account  
Principal LifeTime 2030 Separate Account

Principal LifeTime 2035 Separate Account  
 Principal LifeTime 2040 Separate Account  
 Principal LifeTime 2045 Separate Account  
 Principal LifeTime 2050 Separate Account  
 Principal LifeTime 2055 Separate Account  
 Principal LifeTime Strategic Income Separate Account  
 Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Stock Emphasis Balanced Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal Total Market Stock Index Separate Account  
 Principal U.S. Property Separate Account

Although all Separate Accounts listed above may be available under this contract, you may send us Written Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Written Notification by sending us a new Written Notification.

- A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Emphasis Balanced Separate Account.** Principal Bond Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in bonds, mortgages, commercial paper and other fixed income type investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in common stocks and other equity investments.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.



**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside

the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as

options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this

Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2010 Separate Account.** Principal LifeTime 2010 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2015 Separate Account.** Principal LifeTime 2015 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2020 Separate Account.** Principal LifeTime 2020 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2025 Separate Account.** Principal LifeTime 2025 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2030 Separate Account.** Principal LifeTime 2030 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2035 Separate Account.** Principal LifeTime 2035 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2040 Separate Account.** Principal LifeTime 2040 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2045 Separate Account.** Principal LifeTime 2045 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2050 Separate Account.** Principal LifeTime 2050 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2055 Separate Account.** Principal LifeTime 2055 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime Strategic Income Separate Account.** Principal LifeTime Strategic Income Separate Account invests in portfolios of the Principal Investors Fund Inc. The portfolio uses a moderate allocation strategy that is intended to give the assets exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures,

other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.



**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** The Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor’s 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor’s 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor’s 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Stock Emphasis Balanced Separate Account.** Principal Stock Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in common stocks and other equity investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in bonds, mortgages, commercial paper and other fixed income type investments.

**Principal Strategic Asset Management Balanced Separate Account.** Principal Strategic Asset Management Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Balanced Separate Account.** Principal Strategic Asset Management Conservative Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Growth Separate Account.** Principal Strategic Asset Management Conservative Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Flexible Income Separate Account.** Principal Strategic Asset Management Flexible Income Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Strategic Growth Separate Account.** Principal Strategic Asset Management Strategic Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Total Market Stock Index Separate Account.** Principal Total Market Stock Index Separate Account is invested in a manner calculated to give a result similar to the Standard and Poor's 1500 Supercomposite Stock Index (or a similar stock index if the Standard and Poor's 1500 Supercomposite Stock Index is no longer calculated). Initially, this Separate Account will be invested in the other Principal Stock Index Separate Accounts we offer. If we choose, the Separate Account may also be invested in stocks or securities, stock index futures, commercial paper, mutual funds or other funds managed by other investment managers, and other types of investments as permitted under applicable state law. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.】

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.】

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.】

Business Day means a day on which both we and the New York Stock Exchange are open for business, or any other day which we agree will be a Business Day. If you request a list of our Business Days for any calendar year, we will provide you with the list.

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you written notice at least 30 days before the date the change is to take effect.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this class of contracts for each Separate Account.

**[**The assets of Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account, and Principal Total Market Stock Index Separate Account will pay Management Fees under our other Separate Accounts in which they are invested. An additional Management Fee will be charged under these Separate Accounts only for management services actually performed exclusively for assets held in these Separate Accounts.**]**

A pro-rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period **[**means the period from the end of a Valuation Date to the end of the next following Valuation Date.**]**

- D. SEPARATE INVESTMENT FUND.** A Separate Investment Fund is established for a Separate Account for each Contribution directed to such Separate Account.
- E. RETURNS CREDITED TO SEPARATE INVESTMENT FUNDS.** Each Separate Investment Fund established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Investment Funds established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Investment Fund for each Valuation Date by multiplying the number of Separate Account units held in the Separate Investment Fund by the applicable Unit Value. A Unit Value is the dollar value for one unit.

Contributions or transfers to a Separate Investment Fund increase the number of Separate Account units credited to it. Transfers and payments from a Separate Investment Fund reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Investment Fund on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Investment Fund we will use the Unit Value applicable to the Separate Investment Fund for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

- G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.



We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.】

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

**H. TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT FUND.** We will, upon Written Notification and subject to our right to defer a transfer or payment as described in Section I,

1. transfer to a Guaranteed Interest Fund or another Separate Investment Fund all or any portion of the Separate Investment Fund specified, or
2. transfer to another Funding Agent all or any portion of the Separate Investment Fund, or
3. pay to a Member an amount equal to all or any portion of the Separate Investment Fund, or
4. pay all or a part of a Member's Separate Investment Fund to the Member as a loan if permitted by the Plan.

The amount to be paid or transferred will be determined and paid or transferred within 【seven】 business days after (i) the Valuation Date on which we receive the Written Notification, or (ii) a later Valuation Date specified in the Written Notification. Payments and transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred or paid will be deducted from the Separate Investment Fund from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Investment Fund may occur only on a Valuation Date of that Separate Account.

We are not responsible for the application of amounts transferred to another Funding Agent.

- I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT FUND.** In general, transfers and payments from a Separate Investment Fund will be made within [seven] business days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death, payments to a Member due to disability or retirement under the Plan and to purchases of annuity under the contract.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Investment Account if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those Members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:

- a. the amount of the request, divided by
- b. the amount of all waiting requests, multiplied by
- c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article VII, Section 17, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the Separate Investment Fund invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Account investments or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Investment Fund. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

- 1. \$1,000,000 and 12 months, respectively, for 【Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.】
- 2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except 【Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.】

**Mutual Fund Limitation.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

- J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Internal Revenue code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Accounts. If we decide that you must transfer assets from the Separate Accounts, we will send you a notice describing your options. Your Written Notification must clearly specify the Guaranteed Interest Fund(s) where you want the Separate Account assets invested or the Funding Agent to which you want the assets transferred. If we do not receive an acceptable Written Notification from you within five business days, we will transfer the assets to the Guaranteed Interest Fund with the shortest duration.
- K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.
- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of any existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfman". The signature is fluid and cursive, with the first name "Jay" and last name "Zinfman" clearly distinguishable.

Chairman, President and  
Chief Executive Officer

### TABLE OF SEPARATE ACCOUNT FEATURES

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.06	3.00	270
Principal Bond Emphasis Balanced Separate Account	None	3.00 <sup>1</sup>	270
Principal Bond Market Index Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Capital Appreciation Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Core Plus Bond I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Disciplined LargeCap Blend Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Diversified International Separate Account	2.41	3.00	270
Principal Equity Income Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Government & High Quality Bond Separate Account	1.91	3.00	90
Principal High Quality Intermediate-Term Bond Separate Account	1.91	3.00	270
Principal High Yield I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Income Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Inflation Protection Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International Emerging Markets Separate Account	2.86	3.00	270
Principal International Equity Index Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International Growth Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal International SmallCap Separate Account	2.81	3.00	270
Principal LargeCap Blend I Separate Account	2.11	3.00	270
Principal LargeCap Blend II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap Growth Separate Account	2.06	3.00	270
Principal LargeCap Growth I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap Growth II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LargeCap S&P 500 Index Separate Account	1.66	3.00	270
Principal LargeCap Value Separate Account	1.96	3.00	270
Principal LargeCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal LargeCap Value III Separate Account	1.51 <sup>2</sup>	3.00	270
Principal LifeTime 2010 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2015 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2020 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2025 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2030 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2035 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2040 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2045 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2050 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime 2055 Separate Account	1.51 <sup>3</sup>	3.00	270
Principal LifeTime Strategic Income Separate Account	1.51 <sup>3</sup>	3.00	270
Principal MidCap Blend Separate Account	2.16	3.00	270
Principal MidCap Growth Separate Account	2.16	3.00	270
Principal MidCap Growth III Separate Account	1.51 <sup>2</sup>	3.00	270
Principal MidCap S&P 400 Index Separate Account	1.66	3.00	270
Principal MidCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal MidCap Value III Separate Account	2.16	3.00	270
Principal Money Market Separate Account	1.91	3.00	90
Principal Preferred Securities Separate Account	1.51 <sup>2</sup>	3.00	270
Principal Real Estate Securities Separate Account	1.65 <sup>2</sup>	3.00	270
Principal Short-Term Bond Separate Account	1.91	3.00	270
Principal SmallCap Blend Separate Account	2.26	3.00	270
Principal SmallCap Growth Separate Account	2.26	3.00	270
Principal SmallCap Growth I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap Growth II Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap S&P 600 Index Separate Account	1.66	3.00	270
Principal SmallCap Value Separate Account	2.26	3.00	270
Principal SmallCap Value I Separate Account	1.51 <sup>2</sup>	3.00	270
Principal SmallCap Value II Separate Account	1.51 <sup>2</sup>	3.00	270

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Stock Emphasis Balanced Separate Account	None	3.00 <sup>1</sup>	270
Principal Strategic Asset Management Balanced Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Conservative Balanced Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Conservative Growth Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Flexible Income Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Strategic Asset Management Strategic Growth Separate Account	1.51 <sup>3</sup>	3.00	270
Principal Total Market Stock Index Separate Account	None	3.00 <sup>1</sup>	270
Principal U.S. Property Separate Account	2.50	4.00	3 Years <sup>1</sup>

<sup>1</sup> The maximum annual Management Fee percentage includes Management Fees paid under this Separate Account (currently none) and the Separate Accounts in which this Separate Account is invested.

<sup>2</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges.

<sup>3</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges. In addition to this charge, the underlying mutual fund will bear a pro rata share of the expenses of the funds in which it invests.

## **Principal Life Insurance Company**

### **SEPARATE ACCOUNT INVESTMENT RIDER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit both the number of Separate Accounts available under the contract and the number available to each Member. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Emphasis Balanced Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account



Principal LifeTime 2030 Separate Account  
 Principal LifeTime 2035 Separate Account  
 Principal LifeTime 2040 Separate Account  
 Principal LifeTime 2045 Separate Account  
 Principal LifeTime 2050 Separate Account  
 Principal LifeTime 2055 Separate Account  
 Principal LifeTime Strategic Income Separate Account  
 Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Stock Emphasis Balanced Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal Total Market Stock Index Separate Account  
 Principal U.S. Property Separate Account

Although all Separate Accounts listed above may be available under this contract, you may send us Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Notification by sending us a new Notification.

**A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Emphasis Balanced Separate Account.** Principal Bond Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in bonds, mortgages, commercial paper and other fixed income type investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in common stocks and other equity investments.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside

the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as

options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to

common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2010 Separate Account.** Principal LifeTime 2010 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2015 Separate Account.** Principal LifeTime 2015 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal LifeTime 2020 Separate Account.** Principal LifeTime 2020 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2025 Separate Account.** Principal LifeTime 2025 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2030 Separate Account.** Principal LifeTime 2030 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2035 Separate Account.** Principal LifeTime 2035 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2040 Separate Account.** Principal LifeTime 2040 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2045 Separate Account.** Principal LifeTime 2045 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2050 Separate Account.** Principal LifeTime 2050 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2055 Separate Account.** Principal LifeTime 2055 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime Strategic Income Separate Account.** Principal LifeTime Strategic Income Separate Account invests in portfolios of the Principal Investors Fund Inc. The portfolio uses a moderate allocation strategy that is intended to give the assets exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures,

other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor’s 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor’s 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor’s 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Stock Emphasis Balanced Separate Account.** Principal Stock Emphasis Balanced Separate Account is invested in other Separate Accounts established and maintained by us. The majority of the assets will be invested in other Separate Accounts which are invested primarily in common stocks and other equity investments. The remainder of the assets of this Separate Account will be invested in one or more of our Separate Accounts invested primarily in bonds, mortgages, commercial paper and other fixed income type investments.

**Principal Strategic Asset Management Balanced Separate Account.** Principal Strategic Asset Management Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Balanced Separate Account.** Principal Strategic Asset Management Conservative Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Growth Separate Account.** Principal Strategic Asset Management Conservative Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Flexible Income Separate Account.** Principal Strategic Asset Management Flexible Income Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Strategic Growth Separate Account.** Principal Strategic Asset Management Strategic Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Total Market Stock Index Separate Account.** Principal Total Market Stock Index Separate Account is invested in a manner calculated to give a result similar to the Standard and Poor's 1500 Supercomposite Stock Index (or a similar stock index if the Standard and Poor's 1500 Supercomposite Stock Index is no longer calculated). Initially, this Separate Account will be invested in the other Principal Stock Index Separate Accounts we offer. If we choose, the Separate Account may also be invested in stocks or securities, stock index futures, commercial paper, mutual funds or other funds managed by other investment managers, and other types of investments as permitted under applicable state law. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.】

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market 【value (appraised market value for Principal U.S. Property Separate Account)】 less Operating Expenses accrued but not deducted, if any. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

**Operating Expenses** 【are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.】

**Valuation Date** 【means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.】

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you Notice at least 30 days before the date the change is to take effect.



Management Fee means the charge consisting of the investment management fee and the contract expense charge applicable to this class of contracts for each Separate Account.

【The assets of Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account, and Principal Total Market Stock Index Separate Account will pay Management Fees under our other Separate Accounts in which they are invested. An additional Management Fee will be charged under these Separate Accounts only for management services actually performed exclusively for assets held in these Separate Accounts.】

A pro rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period means the period from the end of a Valuation Date to the end of the next following Valuation Date.

- D. SEPARATE ACCOUNT INVESTMENT.** A Separate Account Investment is established for each Member for a Separate Account for each type of Contribution a Member directs to such Separate Account.

【An Unallocated Separate Account Investment will be established for Contributions we accept for which we do not have investment direction or for which you have Notified us that such Contributions are not to be allocated at this time. You may Notify us of the Separate Account you wish to be used as the Unallocated Separate Account Investment. If you have not given us such Notification, we will establish such an account for this contract using the Principal Money Market Separate Account.

Unallocated Separate Account Investment means the account established to hold unallocated Contributions, invested in the separate account specified by you or the Principal Money Market Separate Account, and operates as if it were a Member's account. By mutual agreement with us, you may specify one or more other Separate Accounts to use as Unallocated Separate Account Investments. If more than one Unallocated Separate Account Investment is established, you must Notify us which Unallocated Separate Account Investment is to be used for any such unallocated Contributions.】

- E. RETURNS CREDITED TO SEPARATE ACCOUNT INVESTMENTS.** Each Separate Account Investment established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Account Investments established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Account Investment for each Valuation Date by multiplying the number of Separate Account units held in the Separate Account Investment by the applicable Unit Value.

Unit Value is the dollar value for one unit.

Contributions or transfers to a Separate Account Investment increase the number of Separate Account units credited to it. Transfers and payments from a Separate Account Investment reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Account Investment on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Account Investment we will use the Unit Value applicable to the Separate Account Investment for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days Notice to you.

- G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),

3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.】

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

**H. TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT INVESTMENT.**

We will, upon Notification from you (the Member if permitted by the Plan), and subject to our right to defer a transfer or payment as described in Section I,

1. transfer to another Separate Account Investment all or any portion of the Separate Account Investment specified, or
2. transfer to another Funding Agent all or any portion of the Member's Separate Account Investment, or
3. pay the Member an amount equal to all or any portion of the Member's Separate Account Investment.

The amount to be paid or transferred will be determined and paid or transferred within 【seven】 Business Days after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will Notify you of these procedures. The amount transferred or paid will be deducted from the Separate Account Investment from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Account Investment may occur only on a Valuation Date of that Separate Account.

We are not responsible for the application of amounts transferred to another Funding Agent.

- I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT INVESTMENT.** In general, transfers and payments from a Separate Account Investment will be made within **[seven]** Business Days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will Notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death, payments to a Member due to disability or retirement under the Plan and to purchases of annuity under Article IV, Section 2 of the contract.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Account Investment if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will Notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our Notice to those Members will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:

- a. the amount of the request, divided by
- b. the amount of all waiting requests, multiplied by
- c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article II, Section 6, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the Notice to all affected Contractholders is provided and the appropriate time period after the Notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the total of all Separate Account Investments invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Account investments or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Account Investment. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

- 1. \$1,000,000 and 12 months, respectively, for 【Principal International SmallCap Separate Account, and Principal International Emerging Markets Separate Account.】
- 2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except 【Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.】

**Mutual Fund Limitation.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

- J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Accounts. If we decide that you must transfer assets from the Separate Accounts, we will Notify you, and such Notice will describe your options. Your Notification must clearly specify the Funding Agent to which you want the assets transferred. If we do not receive an acceptable Notification from you within 5 Business Days, we will transfer the assets to the Plan trustee.
- K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.
- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfle", is positioned above the title. The signature is fluid and cursive.

Chairman, President and  
Chief Executive Officer

### TABLE OF SEPARATE ACCOUNT FEATURES

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	0.86	2.00	270
Principal Bond Emphasis Balanced Separate Account	None	2.00 <sup>1</sup>	270
Principal Bond Market Index Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Capital Appreciation Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Core Plus Bond I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Disciplined LargeCap Blend Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Diversified International Separate Account	1.21	2.00	270
Principal Equity Income Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Government & High Quality Bond Separate Account	0.71	2.00	90
Principal High Quality Intermediate-Term Bond Separate Account	0.71	2.00	270
Principal High Yield I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Income Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Inflation Protection Separate Account	0.31 <sup>2</sup>	2.00	270
Principal International Emerging Markets Separate Account	1.66	2.00	270
Principal International Equity Index Separate Account	0.31 <sup>2</sup>	2.00	270
Principal International Growth Separate Account	0.31 <sup>2</sup>	2.00	270
Principal International I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal International SmallCap Separate Account	1.61	2.00	270
Principal LargeCap Blend I Separate Account	0.91	2.00	270
Principal LargeCap Blend II Separate Account	0.31 <sup>2</sup>	2.00	270
Principal LargeCap Growth Separate Account	0.86	2.00	270



Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal LargeCap Growth I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal LargeCap Growth II Separate Account	0.31 <sup>2</sup>	2.00	270
Principal LargeCap S&P 500 Index Separate Account	0.46	2.00	270
Principal LargeCap Value Separate Account	0.76	2.00	270
Principal LargeCap Value I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal LargeCap Value III Separate Account	0.31 <sup>2</sup>	2.00	270
Principal LifeTime 2010 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2015 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2020 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2025 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2030 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2035 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2040 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2045 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2050 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime 2055 Separate Account	0.31 <sup>3</sup>	2.00	270
Principal LifeTime Strategic Income Separate Account	0.31 <sup>3</sup>	2.00	270
Principal MidCap Blend Separate Account	0.96	2.00	270
Principal MidCap Growth Separate Account	0.96	2.00	270
Principal MidCap Growth III Separate Account	0.31 <sup>2</sup>	2.00	270
Principal MidCap S&P 400 Index Separate Account	0.46	2.00	270
Principal MidCap Value I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal MidCap Value III Separate Account	0.96	2.00	270
Principal Money Market Separate Account	0.71	2.00	90
Principal Preferred Securities Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Real Estate Securities Separate Account	0.45 <sup>2</sup>	2.00	270
Principal Short-Term Bond Separate Account	0.71	2.00	270
Principal SmallCap Blend Separate Account	1.06	2.00	270
Principal SmallCap Growth Separate Account	1.06	2.00	270
Principal SmallCap Growth I Separate Account	0.31 <sup>2</sup>	2.00	270

Separate Account	Current Annual Management Fee Percentage	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal SmallCap Growth II Separate Account	0.31 <sup>2</sup>	2.00	270
Principal SmallCap S&P 600 Index Separate Account	0.46	2.00	270
Principal SmallCap Value Separate Account	1.06	2.00	270
Principal SmallCap Value I Separate Account	0.31 <sup>2</sup>	2.00	270
Principal SmallCap Value II Separate Account	0.31 <sup>2</sup>	2.00	270
Principal Stock Emphasis Balanced Separate Account	None	2.00 <sup>1</sup>	270
Principal Strategic Asset Management Balanced Separate Account	0.31 <sup>3</sup>	2.00	270
Principal Strategic Asset Management Conservative Balanced Separate Account	0.31 <sup>3</sup>	2.00	270
Principal Strategic Asset Management Conservative Growth Separate Account	0.31 <sup>3</sup>	2.00	270
Principal Strategic Asset Management Flexible Income Separate Account	0.31 <sup>3</sup>	2.00	270
Principal Strategic Asset Management Strategic Growth Separate Account	0.31 <sup>3</sup>	2.00	270
Principal Total Market Stock Index Separate Account	None	2.00 <sup>1</sup>	270
Principal U.S. Property Separate Account	1.30	None	Three Years]

<sup>1</sup> The maximum annual Management Fee percentage includes Management Fees paid under this Separate Account (currently none) and the Separate Accounts in which this Separate Account is invested.

<sup>2</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges.

<sup>3</sup> This charge does not include Management Fees of any underlying Mutual Funds. Please see the appropriate prospectuses for such charges. In addition to this charge, the underlying mutual fund will bear a pro rata share of the expenses of the funds in which it invests.

## **Principal Life Insurance Company**

### **SEPARATE ACCOUNT INVESTMENT RIDER--PREMIER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit both the number of Separate Accounts available under the contract and the number available to each Member. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
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Principal LargeCap S&P 500 Index Separate Account  
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 Principal Money Market Separate Account  
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 Principal Strategic Asset Management Balanced Separate Account  
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 Principal Strategic Asset Management Strategic Growth Separate Account  
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Although all Separate Accounts listed above may be available under this contract, you may send us Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Notification by sending us a new Notification.

- A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2010 Separate Account.** Principal LifeTime 2010 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2015 Separate Account.** Principal LifeTime 2015 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2020 Separate Account.** Principal LifeTime 2020 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2025 Separate Account.** Principal LifeTime 2025 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2030 Separate Account.** Principal LifeTime 2030 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2035 Separate Account.** Principal LifeTime 2035 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2040 Separate Account.** Principal LifeTime 2040 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2045 Separate Account.** Principal LifeTime 2045 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2050 Separate Account.** Principal LifeTime 2050 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2055 Separate Account.** Principal LifeTime 2055 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime Strategic Income Separate Account.** Principal LifeTime Strategic Income Separate Account invests in portfolios of the Principal Investors Fund Inc. The portfolio uses a moderate allocation strategy that is intended to give the assets exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include

OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other

foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor's 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal Strategic Asset Management Balanced Separate Account.** Principal Strategic Asset Management Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Balanced Separate Account.** Principal Strategic Asset Management Conservative Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Growth Separate Account.** Principal Strategic Asset Management Conservative Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Flexible Income Separate Account.** Principal Strategic Asset Management Flexible Income Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Strategic Growth Separate Account.** Principal Strategic Asset Management Strategic Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.】

**B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account features. We will determine the Management Fee for each Separate Account and report it to you. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you written notice at least 30 days before the date the change is to take effect.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this class of contracts for each Separate Account which we determine and report to you.

A pro rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

- D. SEPARATE INVESTMENT ACCOUNT.** A Separate Investment Account is established for each Member for a Separate Account for each type of Contribution a Member directs to such Separate Account.

[An Unallocated Separate Account Investment will be established for Contributions we accept for which we do not have investment direction or for which you have Notified us that such Contributions are not to be allocated at this time. You may Notify us of the Separate Account you wish to be used as the Unallocated Separate Account Investment. If you have not given us such Notification, we will establish such an account for this contract using the Principal Money Market Separate Account. In any event, if you do not wish to have an Unallocated Separate Account Investment established hereunder, you may so Notify us and we will not establish one. If no Unallocated Separate Account Investment is established under this contract, all Contributions for which we have no investment direction will be directed to Member's Guaranteed Interest Investment with the shortest Guarantee Period then available under the contract.

Unallocated Separate Account Investment means the account established to hold unallocated Contributions, invested in the separate account specified by you or the Principal Money Market Separate Account, and operates as if it were a Member's account. By mutual agreement with us, you may specify one or more other Separate Accounts to use as Unallocated Separate Account Investments. If more than one Unallocated Separate Account Investment is established, you must Notify us which Unallocated Separate Account Investment is to be used for any such unallocated Contributions.]

- E. RETURNS CREDITED TO SEPARATE ACCOUNT INVESTMENTS.** Each Separate Account Investment established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Account Investments established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Account Investment for each Valuation Date by multiplying the number of Separate Account units held in the Separate Account Investment by the applicable Unit Value.

Unit Value means the dollar value for one unit.

Contributions or transfers to a Separate Account Investment increase the number of Separate Account units credited to it. Transfers and payments from a Separate Account Investment reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Account Investment on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Account Investment we will use the Unit Value applicable to the Separate Account Investment for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

- G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wishes to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.】

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

**H. TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT INVESTMENT.** We will, upon Notification from you (the Member if permitted by the Plan), and subject to our right to defer a transfer or payment as described in Section I,

1. transfer to the Member's Guaranteed Interest Investment or another Separate Account Investment all or any portion of the Separate Account Investment specified, or
2. transfer to another Funding Agent all or any portion of the Member's Separate Account Investment, or
3. pay the Member an amount equal to all or any portion of the Member's Separate Account Investment, or
4. pay all or a part of a Member's Separate Account Investment to the Member as a loan if permitted by the Plan.

The amount to be paid or transferred will be determined and paid or transferred within **[seven]** Business Days after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred or paid will be deducted from the Separate Account Investment from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Account Investment may occur only on a Valuation Date of that Separate Account.

We are not responsible for the application of amounts transferred to another Funding Agent.

- I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT INVESTMENT.** In general, transfers and payments from a Separate Account Investment will be made within **[seven]** Business Days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death, payments to a Member due to disability or retirement under the Plan and to purchases of annuity under Article IV, Section 2 of the contract.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Account Investment if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those Members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request, divided by
  - b. the amount of all waiting requests, multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article II, Section 8, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all



transfers and payments from the total of all Separate Account Investments invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Account investments or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Account Investment. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

1. \$1,000,000 and 12 months, respectively, for [Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.]
2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except [Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.]

**Mutual Fund Limitation.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

**J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Internal Revenue code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Accounts. If we decide that you must transfer assets from the Separate Accounts, we will send you a notice describing your options. Your Written Notification must clearly specify the Guaranteed Interest Account(s) where you want the Separate Account assets invested or the Funding Agent to which you want the assets transferred. If we do not receive an acceptable Written Notification from you within five Business Days, we will transfer the assets to the Guaranteed Interest Account with the shortest duration.

**K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.

- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zimmler". The signature is fluid and cursive, with the first name "Jay" and last name "Zimmler" clearly distinguishable.

Chairman, President and  
Chief Executive Officer

## TABLE OF SEPARATE ACCOUNT FEATURES

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.00	270
Principal Bond Market Index Separate Account	2.00	270
Principal Core Plus Bond I Separate Account	2.00	270
Principal Capital Appreciation Separate Account	2.00	270
Principal Disciplined LargeCap Blend Separate Account	2.00	270
Principal Diversified International Separate Account	2.00	270
Principal Equity Income Separate Account	2.00	270
Principal Government & High Quality Bond Separate Account	2.00	90
Principal High Quality Intermediate-Term Bond Separate Account	2.00	270
Principal High Yield I Separate Account	2.00	270
Principal Income Separate Account	2.00	270
Principal Inflation Protection Separate Account	2.00	270
Principal International Emerging Markets Separate Account	2.00	270
Principal International Equity Index Separate Account	2.00	270
Principal International Growth Separate Account	2.00	270
Principal International I Separate Account	2.00	270
Principal International SmallCap Separate Account	2.00	270
Principal LargeCap Blend I Separate Account	2.00	270
Principal LargeCap Blend II Separate Account	2.00	270
Principal LargeCap Growth Separate Account	2.00	270
Principal LargeCap Growth I Separate Account	2.00	270
Principal LargeCap Growth II Separate Account	2.00	270
Principal LargeCap S&P 500 Index Separate Account	2.00	270
Principal LargeCap Value Separate Account	2.00	270
Principal LargeCap Value I Separate Account	2.00	270
Principal LargeCap Value III Separate Account	2.00	270
Principal LifeTime 2010 Separate Account	2.00	270
Principal LifeTime 2015 Separate Account	2.00	270
Principal LifeTime 2020 Separate Account	2.00	270
Principal LifeTime 2025 Separate Account	2.00	270
Principal LifeTime 2030 Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal LifeTime 2035 Separate Account	2.00	270
Principal LifeTime 2040 Separate Account	2.00	270
Principal LifeTime 2045 Separate Account	2.00	270
Principal LifeTime 2050 Separate Account	2.00	270
Principal LifeTime 2055 Separate Account	2.00	270
Principal LifeTime Strategic Income Separate Account	2.00	270
Principal MidCap Blend Separate Account	2.00	270
Principal MidCap Growth Separate Account	2.00	270
Principal MidCap Growth III Separate Account	2.00	270
Principal MidCap S&P 400 Index Separate Account	2.00	270
Principal MidCap Value I Separate Account	2.00	270
Principal MidCap Value III Separate Account	2.00	270
Principal Money Market Separate Account	2.00	90
Principal Preferred Securities Separate Account	2.00	270
Principal Real Estate Securities Separate Account	2.00	270
Principal Short-Term Bond Separate Account	2.00	270
Principal SmallCap Blend Separate Account	2.00	270
Principal SmallCap Growth Separate Account	2.00	270
Principal SmallCap Growth I Separate Account	2.00	270
Principal SmallCap Growth II Separate Account	2.00	270
Principal SmallCap S&P 600 Index Separate Account	2.00	270
Principal SmallCap Value Separate Account	2.00	270
Principal SmallCap Value I Separate Account	2.00	270
Principal SmallCap Value II Separate Account	2.00	270
Principal Strategic Asset Management Balanced Separate Account	2.00	270
Principal Strategic Asset Management Conservative Balanced Separate Account	2.00	270
Principal Strategic Asset Management Conservative Growth Separate Account	2.00	270
Principal Strategic Asset Management Flexible Income Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Strategic Asset Management Strategic Growth Separate Account	2.00	270
Principal U.S. Property Separate Account	None	Three (3) years]

## **Principal Life Insurance Company**

### **SEPARATE ACCOUNT INVESTMENT RIDER--PREMIER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the contract. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account  
Principal LifeTime 2030 Separate Account  
Principal LifeTime 2035 Separate Account

Principal LifeTime 2040 Separate Account  
 Principal LifeTime 2045 Separate Account  
 Principal LifeTime 2050 Separate Account  
 Principal LifeTime 2055 Separate Account  
 Principal LifeTime Strategic Income Separate Account  
 Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal U.S. Property Separate Account

Although all Separate Accounts listed above may be available under this contract, you may send us Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Notification by sending us a new Notification.

**A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other

income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.



**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over

the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of

living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2010 Separate Account.** Principal LifeTime 2010 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2015 Separate Account.** Principal LifeTime 2015 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2020 Separate Account.** Principal LifeTime 2020 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2025 Separate Account.** Principal LifeTime 2025 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2030 Separate Account.** Principal LifeTime 2030 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2035 Separate Account.** Principal LifeTime 2035 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2040 Separate Account.** Principal LifeTime 2040 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2045 Separate Account.** Principal LifeTime 2045 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2050 Separate Account.** Principal LifeTime 2050 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime 2055 Separate Account.** Principal LifeTime 2055 Separate Account invests in portfolios of the Principal Investors Fund, Inc. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LifeTime Strategic Income Separate Account.** Principal LifeTime Strategic Income Separate Account invests in portfolios of the Principal Investors Fund Inc. The portfolio uses a moderate allocation strategy that is intended to give the assets exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include



OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other

foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor's 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Balanced Separate Account.** Principal Strategic Asset Management Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Balanced Separate Account.** Principal Strategic Asset Management Conservative Balanced Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Conservative Growth Separate Account.** Principal Strategic Asset Management Conservative Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Flexible Income Separate Account.** Principal Strategic Asset Management Flexible Income Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Strategic Asset Management Strategic Growth Separate Account.** Principal Strategic Asset Management Strategic Growth Separate Account invests in portfolios of the Strategic Asset Management Portfolios. The intent is to give the Separate Account broad exposure to the domestic and foreign equity and fixed-income markets. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.】

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets held in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We will determine the Management Fee for each Separate Account and report it to you.

In addition, we reserve the right to change the Management Fee at any time by giving you written notice at least 30 days before the date the change is to take effect. In no event will the Management Fee exceed the maximum annual Management Fee percentage listed in the Table of Separate Account Features.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this class of contracts for each Separate Account which we determine and report to you.

A pro rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

- D. SEPARATE FUND INVESTMENT.** A Separate Fund Investment is established for a Separate Account for each type of Contribution directed to such Separate Account.
- E. RETURNS CREDITED TO SEPARATE FUND INVESTMENTS.** Each Separate Fund Investment established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Fund Investments established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Fund Investment for each Valuation Date by multiplying the number of Separate Account units held in the Separate Fund Investment by the applicable Unit Value.

Unit Value means the dollar value for one unit.

Contributions or transfers to a Separate Fund Investment increase the number of Separate Account units credited to it. Transfers and payments from a Separate Fund Investment reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Fund Investment on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Fund Investment we will use the Unit Value applicable to the Separate Fund Investment for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

**G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer. ]

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled "Transfers and Payments from a Separate Account" below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.



**H. TRANSFERS AND PAYMENTS FROM A SEPARATE FUND INVESTMENT.** We will, upon Notification, and subject to our right to defer a transfer or payment as described in Section I,

1. transfer to a Guaranteed Interest Investment or another Separate Fund Investment all or any portion of the Separate Fund Investment specified, or
2. transfer to another Funding Agent all or any portion of the Separate Fund Investment, or
3. pay the Member an amount equal to all or any portion of the Member's Separate Fund Investment, or
4. pay all or a part of a Member's Separate Fund Investment to the Member as a loan if permitted by the Plan.

The amount to be paid or transferred will be determined and paid or transferred within **[seven]** Business Days after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred or paid will be deducted from the Separate Fund Investment from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Fund Investment may occur only on a Valuation Date of that Separate Account.

We are not responsible for the application of amounts transferred to another Funding Agent.

**I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE FUND INVESTMENT.** In general, transfers and payments from a Separate Fund Investment will be made within **[seven]** Business Days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death, payments to a Member due to disability or retirement under the Plan and to purchases of annuity under Article IV, Section 2 of the contract.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Fund Investment if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those Members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request, divided by
  - b. the amount of all waiting requests, multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article II, Section 8, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the total of all Separate Fund Investments invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Account investments or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Fund Investment. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

1. \$1,000,000 and 12 months, respectively, for 【Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.】
2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except 【Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.】

**Mutual Fund Limitation.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

- J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Accounts. If we decide that you must transfer assets from the Separate Accounts, we will send you a notice describing your options. Your Notification must clearly specify the Guaranteed Interest Investment(s) or the Funding Agent to which you want the assets transferred. If we do not receive an acceptable Notification from you within 5 Business Days, we will transfer the assets to the Guaranteed Interest Investment with the shortest duration.
- K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.
- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of any existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfman". The signature is fluid and cursive, with a large initial "J" and "Z".

Chairman, President and  
Chief Executive Officer

TABLE OF SEPARATE ACCOUNT FEATURES		
Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.00	270
Principal Bond Market Index Separate Account	2.00	270
Principal Capital Appreciation Separate Account	2.00	270
Principal Core Plus Bond I Separate Account	2.00	270
Principal Disciplined LargeCap Blend Separate Account	2.00	270
Principal Diversified International Separate Account	2.00	270
Principal Equity Income Separate Account	2.00	270
Principal Government & High Quality Bond Separate Account	2.00	90
Principal High Quality Intermediate-Term Bond Separate Account	2.00	270
Principal High Yield I Separate Account	2.00	270
Principal Income Separate Account	2.00	270
Principal Inflation Protection Separate Account	2.00	270
Principal International Emerging Markets Separate Account	2.00	270
Principal International Equity Index Separate Account	2.00	270
Principal International Growth Separate Account	2.00	270
Principal International I Separate Account	2.00	270
Principal International SmallCap Separate Account	2.00	270
Principal LargeCap Blend I Separate Account	2.00	270
Principal LargeCap Blend II Separate Account	2.00	270
Principal LargeCap Growth Separate Account	2.00	270
Principal LargeCap Growth I Separate Account	2.00	270
Principal LargeCap Growth II Separate Account	2.00	270
Principal LargeCap S&P 500 Index Separate Account	2.00	270
Principal LargeCap Value Separate Account	2.00	270
Principal LargeCap Value I Separate Account	2.00	270
Principal LargeCap Value III Separate Account	2.00	270
Principal LifeTime 2010 Separate Account	2.00	270
Principal LifeTime 2015 Separate Account	2.00	270
Principal LifeTime 2020 Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal LifeTime 2025 Separate Account	2.00	270
Principal LifeTime 2030 Separate Account	2.00	270
Principal LifeTime 2035 Separate Account	2.00	270
Principal LifeTime 2040 Separate Account	2.00	270
Principal LifeTime 2045 Separate Account	2.00	270
Principal LifeTime 2050 Separate Account	2.00	270
Principal LifeTime 2055 Separate Account	2.00	270
Principal LifeTime Strategic Income Separate Account	2.00	270
Principal MidCap Blend Separate Account	2.00	270
Principal MidCap Growth Separate Account	2.00	270
Principal MidCap Growth III Separate Account	2.00	270
Principal MidCap S&P 400 Index Separate Account	2.00	270
Principal MidCap Value I Separate Account	2.00	270
Principal MidCap Value III Separate Account	2.00	270
Principal Money Market Separate Account	2.00	90
Principal Preferred Securities Separate Account	2.00	270
Principal Real Estate Securities Separate Account	2.00	270
Principal Short-Term Bond Separate Account	2.00	270
Principal SmallCap Blend Separate Account	2.00	270
Principal SmallCap Growth Separate Account	2.00	270
Principal SmallCap Growth I Separate Account	2.00	270
Principal SmallCap Growth II Separate Account	2.00	270
Principal SmallCap S&P 600 Index Separate Account	2.00	270
Principal SmallCap Value Separate Account	2.00	270
Principal SmallCap Value I Separate Account	2.00	270
Principal SmallCap Value II Separate Account	2.00	270
Principal Strategic Asset Management Balanced Separate Account	2.00	270
Principal Strategic Asset Management Conservative Balanced Separate Account	2.00	270
Principal Strategic Asset Management Conservative Growth Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Strategic Asset Management Flexible Income Separate Account	2.00	270
Principal Strategic Asset Management Strategic Growth Separate Account	2.00	270
Principal U.S. Property Separate Account	None	Three (3) years]

## **Principal Life Insurance Company**

### **SEPARATE INVESTMENT RIDER--PREMIER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the contract. The following Separate Accounts may be available under this contract:

[Principal Bond and Mortgage Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal International Value I Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal MidCap Blend Separate Account  
Principal MidCap Growth Separate Account  
Principal MidCap Growth III Separate Account  
Principal MidCap S&P 400 Index Separate Account



Principal MidCap Value I Separate Account  
Principal MidCap Value III Separate Account  
Principal Money Market Separate Account  
Principal Preferred Securities Separate Account  
Principal Real Estate Securities Separate Account  
Principal Short-Term Bond Separate Account  
Principal SmallCap Blend Separate Account  
Principal SmallCap Growth Separate Account  
Principal SmallCap Growth I Separate Account  
Principal SmallCap Growth II Separate Account  
Principal SmallCap S&P 600 Index Separate Account  
Principal SmallCap Value Separate Account  
Principal SmallCap Value I Separate Account  
Principal SmallCap Value II Separate Account  
Principal U.S. Property Separate Account  
Principal Ultra Long Bond Separate Account]

Although all Separate Accounts listed above may be available under this contract, you may send us Written Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your Written Notification by sending us a new Written Notification.

**A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.

**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In

addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate

Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Value I Separate Account.** Principal International Value I Separate Account is a pooled separate account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for attractive valuations. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity

securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.



**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over

the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor's 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as

options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.

**Principal Ultra Long Bond Separate Account.** Principal Ultra Long Bond Separate Account is a pooled Separate Account invested primarily in long duration corporate bonds, Treasury bonds, agency debentures and zero coupon bonds (STRIPs) and other traditional fixed income instruments. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The investments may also include such other foreign bond investments as are generally considered appropriate for a fixed income bond account. The Separate Account will typically have an effective duration of over seven years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.】

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses 【are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-

current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.】

Valuation Date 【means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.】

Business Day means a day on which both we and the New York Stock Exchange are open for business, or any other day which we agree will be a Business Day. If you request a list of our Business Days for any calendar year, we will provide you with the list.

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We will determine the Management Fee for each Separate Account and report it to you. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you written notice at least 30 days before the date the change is to take effect.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this contract for each Separate Account which we determine and report to you.

A pro-rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period 【means the period from the end of a Valuation Date to the end of the next following Valuation Date.】

- D. SEPARATE INVESTMENT FUND.** A Separate Investment Fund is established for this contract for participation in each Separate Account.

- E. RETURNS CREDITED TO SEPARATE INVESTMENT FUNDS.** Each Separate Investment Fund established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Investment Funds established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Investment Fund for each Valuation Date by multiplying the number of Separate Account units held in the Separate Investment Fund by the applicable Unit Value.

Unit Value means the dollar value for one unit.

Contributions or transfers to a Separate Investment Fund increase the number of Separate Account units credited to it. Transfers and payments from a Separate Investment Fund reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Investment Fund on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Investment Fund we will use the Unit Value applicable to the Separate Investment Fund for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

- G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.】

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

**H. TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT FUND.** Upon Written Notification, subject to our right to defer a transfer or payment as described in Section I of this rider, and provided such transfer would not cause the Benefit Index to equal or exceed the value of the Funds under this contract determined in accordance with Article VI, Section 2 (Option 2), Section 3 (Subsection 3), and Section 4 of the contract, we will

1. transfer to a Guaranteed Interest Fund or another Separate Investment Fund all or any portion of the Separate Investment Fund specified, or
2. transfer to another Funding Agent all or any portion of the Separate Investment Fund, or
3. make any Choice 3 payments under Article IVC directly from the Separate Investment Fund, or
4. make any payments under Article V, Section 1, directly from the Separate Investment Fund.



The amount to be paid or transferred will be determined and paid or transferred within [seven] business days after (i) the Valuation Date on which we receive the Written Notification, or (ii) a later Valuation Date specified in the Written Notification.

Payments and transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred or paid will be deducted from the Separate Investment Fund from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Investment Fund may occur only on a Valuation Date of that Separate Investment Fund.

We are not responsible for the application of amounts transferred to another Funding Agent.

- I. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE INVESTMENT FUND.** In general, transfers and payments from a Separate Investment Fund will be made within [seven] business days after the first Valuation Date following the request specified in Section H of this rider. We reserve the right, however, to defer such transfers or payments up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to the payments to the beneficiary of a Member due to the Member's death.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Investment Fund if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those Members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request, divided by
  - b. the amount of all waiting requests, multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article VII, Section 16, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the Separate Investment Fund invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Investment Funds or funds included in the Separate Account from any

other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Investment Fund. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

1. \$1,000,000 and 12 months, respectively, for [Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.]
2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except [Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.]

**Mutual Fund Limitations.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

**J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Internal Revenue code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified plan, we will require that you transfer any assets invested in the Separate Investment Funds. If we decide that you must transfer assets from the Separate Investment Funds, we will send you a notice describing your options. Your Written Notification must clearly specify the General Investment Fund or the Funding Agent where you want the Separate Account assets transferred. If we do not receive an acceptable Written Notification from you within five business days, we will transfer the assets to the General Investment Fund.

**K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.

- L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfman". The signature is fluid and cursive, with the first name "Jay" and last name "Zinfman" clearly distinguishable.

Chairman, President and  
Chief Executive Officer

TABLE OF SEPARATE ACCOUNT FEATURES		
Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.00	270
Principal Bond Market Index Separate Account	2.00	270
Principal Capital Appreciation Separate Account	2.00	270
Principal Core Plus Bond I Separate Account	2.00	270
Principal Disciplined LargeCap Blend Separate Account	2.00	270
Principal Diversified International Separate Account	2.00	270
Principal Equity Income Separate Account	2.00	270
Principal Government & High Quality Bond Separate Account	2.00	90
Principal High Quality Intermediate-Term Bond Separate Account	2.00	270
Principal High Yield I Separate Account	2.00	270
Principal Income Separate Account	2.00	270
Principal Inflation Protection Separate Account	2.00	270
Principal International Emerging Markets Separate Account	2.00	270
Principal International Equity Index Separate Account	2.00	270
Principal International Growth Separate Account	2.00	270
Principal International I Separate Account	2.00	270
Principal International SmallCap Separate Account	2.00	270
Principal International Value I Separate Account	2.00	270
Principal LargeCap Blend I Separate Account	2.00	270
Principal LargeCap Blend II Separate Account	2.00	270
Principal LargeCap Growth Separate Account	2.00	270
Principal LargeCap Growth I Separate Account	2.00	270
Principal LargeCap Growth II Separate Account	2.00	270
Principal LargeCap S&P 500 Index Separate Account	2.00	270
Principal LargeCap Value Separate Account	2.00	270
Principal LargeCap Value I Separate Account	2.00	270
Principal LargeCap Value III Separate Account	2.00	270
Principal MidCap Blend Separate Account	2.00	270
Principal MidCap Growth Separate Account	2.00	270
Principal MidCap Growth III Separate Account	2.00	270
Principal MidCap S&P 400 Index Separate Account	2.00	270
Principal MidCap Value I Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal MidCap Value III Separate Account	2.00	270
Principal Money Market Separate Account	2.00	90
Principal Preferred Securities Separate Account	2.00	270
Principal Real Estate Securities Separate Account	2.00	270
Principal Short-Term Bond Separate Account	2.00	270
Principal SmallCap Blend Separate Account	2.00	270
Principal SmallCap Growth Separate Account	2.00	270
Principal SmallCap Growth I Separate Account	2.00	270
Principal SmallCap Growth II Separate Account	2.00	270
Principal SmallCap S&P 600 Index Separate Account	2.00	270
Principal SmallCap Value Separate Account	2.00	270
Principal SmallCap Value I Separate Account	2.00	270
Principal SmallCap Value II Separate Account	2.00	270
Principal U.S. Property Separate Account	None	Three (3) years
Principal Ultra Long Bond Separate Account	2.00	270

## **Principal Life Insurance Company**

### **SEPARATE INVESTMENT RIDER--PREMIER**

This rider is added to the Group Annuity Contract issued by us of which it is a part. All terms defined in the contract have the same meaning where used in this rider. The effective date of this rider is the latest of (i) the Contract Date, (ii) the date this rider has been approved for use in the state of issue, or (iii) the date stated in the amendment adding this rider to the contract.

The purpose of this rider is to allow the contract to participate in our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the contract. The following Separate Accounts may be available under this contract:

- [Principal Bond and Mortgage Separate Account
- Principal Bond Market Index Separate Account
- Principal Capital Appreciation Separate Account
- Principal Core Plus Bond I Separate Account
- Principal Disciplined LargeCap Blend Separate Account
- Principal Diversified International Separate Account
- Principal Equity Income Separate Account
- Principal Government & High Quality Bond Separate Account
- Principal High Quality Intermediate-Term Bond Separate Account
- Principal High Yield I Separate Account
- Principal Income Separate Account
- Principal Inflation Protection Separate Account
- Principal International Emerging Markets Separate Account
- Principal International Equity Index Separate Account
- Principal International Growth Separate Account
- Principal International I Separate Account
- Principal International SmallCap Separate Account
- Principal International Value I Separate Account
- Principal LargeCap Blend I Separate Account
- Principal LargeCap Blend II Separate Account
- Principal LargeCap Growth Separate Account
- Principal LargeCap Growth I Separate Account
- Principal LargeCap Growth II Separate Account
- Principal LargeCap S&P 500 Index Separate Account
- Principal LargeCap Value Separate Account
- Principal LargeCap Value I Separate Account
- Principal LargeCap Value III Separate Account
- Principal MidCap Blend Separate Account
- Principal MidCap Growth Separate Account
- Principal MidCap Growth III Separate Account
- Principal MidCap S&P 400 Index Separate Account
- Principal MidCap Value I Separate Account

Principal MidCap Value III Separate Account  
Principal Money Market Separate Account  
Principal Preferred Securities Separate Account  
Principal Real Estate Securities Separate Account  
Principal Short-Term Bond Separate Account  
Principal SmallCap Blend Separate Account  
Principal SmallCap Growth Separate Account  
Principal SmallCap Growth I Separate Account  
Principal SmallCap Growth II Separate Account  
Principal SmallCap S&P 600 Index Separate Account  
Principal SmallCap Value Separate Account  
Principal SmallCap Value I Separate Account  
Principal SmallCap Value II Separate Account  
Principal U.S. Property Separate Account  
Principal Ultra Long Bond Separate Account]

Although all Separate Accounts listed above may be available under this contract, you may send us Written Notification indicating you want the contract administered so that assets held under this contract will not participate in one or more of these Separate Accounts. You may revoke your written Notification by sending us a new written Notification.

- A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS.** Each Separate Account is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements of our general account assets or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest the assets of any Separate Account in short term money market instruments, cash or cash equivalents.

**Principal Bond and Mortgage Separate Account.** Principal Bond and Mortgage Separate Account is invested primarily in bond and mortgage-type investments similar to our general account, including bonds and mortgages from both United States and non-United States corporations.



**Principal Bond Market Index Separate Account.** Principal Bond Market Index Separate Account is invested primarily in bonds or fixed income securities of companies similar to those which are used to calculate the Barclays Capital U.S. Aggregate Bond Index (or a similar index if the Barclays Capital U.S. Aggregate Bond Index is no longer calculated). The investments may also include a reasonable amount of index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or passive investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Bond Index by allocating the Separate Account's assets in approximately the same weightings as the Barclays U.S. Capital Aggregate Bond Index; however, it is unlikely that a perfect correlation of 1.00 will be achieved. The Separate Account maintains a dollar-weighted average maturity, duration and yield consistent with that of the Index.

**Principal Capital Appreciation Separate Account.** Principal Capital Appreciation Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in the common stocks of small, medium and large-capitalization companies. The mutual fund may also invest in REIT securities and below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Core Plus Bond I Separate Account.** Principal Core Plus Bond I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Disciplined LargeCap Blend Separate Account.** Principal Disciplined LargeCap Blend Separate Account invests primarily in common stocks of large capitalization companies selected with value and/or growth characteristics. A portfolio is constructed using an investment process designed to systematically identify stocks with desirable characteristics and combine these stocks in a risk-managed portfolio to maximize return potential by controlling risk. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Diversified International Separate Account.** Principal Diversified International Separate Account is invested primarily in a broad base of stocks or other securities of corporations located outside the United States, but especially in Europe, South America, and the Pacific rim. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Equity Income Separate Account.** Principal Equity Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in dividend-paying common stocks and preferred stocks. The mutual fund may also invest in fixed-income securities, including below-investment-grade fixed-income securities. The Separate Account may also invest directly in the investments previously described or in some other type of investments that maintains the investments previously described.

**Principal Government & High Quality Bond Separate Account.** Principal Government & High Quality Bond Separate Account is invested primarily in obligations issued or guaranteed by United States governmental agencies and instrumentalities, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Association and the Student Loan Marketing Association. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Quality Intermediate-Term Bond Separate Account.** Principal High Quality Intermediate-Term Bond Separate Account is a pooled investment account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of five to ten years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal High Yield I Separate Account.** Principal High Yield I Separate Account is a pooled Separate Account invested primarily in high yield, lower or unrated fixed-income securities selected by identifying three specific attributes: 1) value identification, 2) downside protection, and 3) risk diversification. These securities are selected for value identification, downside protection, and risk diversification. In

addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Income Separate Account.** Principal Income Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in fixed income-type investments including fixed income instruments from both United States and non-United States entities. Investments might include corporate securities, government securities, and mortgage-backed securities, including below investment-grade fixed-income securities (sometimes called “junk bonds”). The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Inflation Protection Separate Account.** Principal Inflation Protection Separate Account is a pooled investment account invested primarily in inflation protected debt securities in order to provide current income and a real (after-inflation) total return. The investments include inflation protected debt securities issued by the U.S. Treasury and U.S. Government sponsored entities, inflation protected debt securities issued by corporations, and inflation protected debt securities issued by foreign governments and corporations that are linked to a non-U.S. inflation rate. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. This Separate Account may invest in the investment outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Emerging Markets Separate Account.** Principal International Emerging Markets Separate Account is invested primarily in common stocks of corporations located in countries outside the United States where structural changes are causing rapid economic growth and improved standards of living. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Equity Index Separate Account.** Principal International Equity Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, and Far East) Index (or a similar index if the MSCI EAFE Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. This Separate

Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. The Separate Account uses an indexing strategy or a passive investment approach designed to track the performance of the MSCI EAFE Index. The correlation between Separate Account and MSCI EAFE Index performance may be affected by expenses, changes in securities markets, changes in the composition of the MSCI EAFE Index and the timing of purchases and sales of Separate Account units.

**Principal International Growth Separate Account.** Principal International Growth Separate Account invests primarily in a broad base of stocks or other securities of corporations located outside the United States, whose shares primary trading market is outside the United States, or who derive most of their revenues outside the United States. These investments will be made in foreign currency or equivalencies but investments in U.S. dollars are also allowed. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International I Separate Account.** Principal International I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for growth-oriented characteristics and an attractive valuation. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal International SmallCap Separate Account.** Principal International SmallCap Separate Account is invested primarily in stocks or other securities of small corporations located outside the United States. These investments may be made in either United States or foreign currency or equivalencies. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal International Value I Separate Account.** Principal International Value I Separate Account is a pooled separate account which is invested in a mutual fund that invests primarily in common stocks of companies located outside the United States. These stocks are selected for attractive valuations. These investments may be made in either United States or foreign currency or equivalencies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Blend I Separate Account.** Principal LargeCap Blend I Separate Account is invested primarily in common stocks from large, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Blend II Separate Account.** Principal LargeCap Blend II Separate Account invests primarily in equity securities of companies that offer superior growth prospects or of companies whose stock is undervalued and, to a limited extent, foreign companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth Separate Account.** Principal LargeCap Growth Separate Account is invested primarily in common stocks from large, established companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Growth I Separate Account.** Principal LargeCap Growth I Separate Account seeks to maximize long-term capital appreciation by investing primarily in equity securities of U.S. and, to a limited extent, foreign companies that exhibit strong or accelerating earnings growth. This Separate Account uses an active and aggressive style of management to invest primarily in common stocks of larger, established companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Growth II Separate Account.** Principal LargeCap Growth II Separate Account invests primarily in common stocks of large capitalization companies that are expected to experience accelerating growth. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap S&P 500 Index Separate Account.** Principal LargeCap S&P 500 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 500 Stock Index (or a similar stock index if the Standard and Poor's 500 Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal LargeCap S&P 500 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 500 Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value Separate Account.** Principal LargeCap Value Separate Account is invested primarily in common stocks from large, established companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal LargeCap Value I Separate Account.** Principal LargeCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in undervalued common stocks and other equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal LargeCap Value III Separate Account.** Principal LargeCap Value III Separate Account invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization believed to offer above-average potential for growth in future earnings. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity

securities or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Blend Separate Account.** Principal MidCap Blend Separate Account is invested primarily in common stocks from medium-sized, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth Separate Account.** Principal MidCap Growth Separate Account is invested primarily in common stocks from medium-sized, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Growth III Separate Account.** Principal MidCap Growth III Separate Account uses an active and aggressive style of management to invest primarily in common stocks of medium sized companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400

Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap S&P 400 Index Separate Account.** Principal MidCap S&P 400 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor's 400 MidCap Stock Index (or a similar stock index if the Standard and Poor's 400 MidCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal MidCap S&P 400 Index Separate Account attempts to earn a return similar to that of the Standard & Poor's 400 MidCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal MidCap Value I Separate Account.** Principal MidCap Value I Separate Account is a pooled Separate Account which is invested in a mutual fund that invests primarily in common stocks of medium capitalization companies. The mutual fund uses a value-oriented investment approach. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal MidCap Value III Separate Account.** Principal MidCap Value III Separate Account is invested primarily in common stocks from medium-sized, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.



**Principal Money Market Separate Account.** Principal Money Market Separate Account is invested primarily in money market instruments such as the obligations of the United States government and its agencies, commercial paper, bank certificates of deposit and similar instruments. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal Preferred Securities Separate Account.** Principal Preferred Securities Separate Account is invested primarily in preferred stocks of U.S. companies. The Separate Account may also invest in common stocks, debt securities, and securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Real Estate Securities Separate Account.** Principal Real Estate Securities Separate Account invests primarily in equity securities of companies principally engaged in the real estate industry. Investments may include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies. The portfolio may invest up to 25% of its assets in securities of foreign real estate companies. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal Short-Term Bond Separate Account.** Principal Short-Term Bond Separate Account is a pooled investment Separate Account invested primarily in high quality, publicly traded bonds (mainly corporate), Treasury notes and bonds, and government agency bonds. The investments may also include such other foreign bond investments as are generally considered appropriate for a high quality bond account. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The fixed income investments in the Separate Account typically have maturities of less than five years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Blend Separate Account.** Principal SmallCap Blend Separate Account is invested primarily in common stocks from smaller, established companies whose stock exhibits a combination of substantial value and good earnings growth potential. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth Separate Account.** Principal SmallCap Growth Separate Account is invested primarily in common stocks from smaller, developing companies whose earnings are expected to grow at above-average rates. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Growth I Separate Account.** Principal SmallCap Growth I Separate Account invests mainly in common stocks of smaller companies believed to be poised for growth because of new products, markets, or management. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Growth II Separate Account.** Principal SmallCap Growth II Separate Account invests primarily in equity securities of smaller companies offering superior prospects for earnings growth. These companies are generally characterized as “growth” companies. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap S&P 600 Index Separate Account.** Principal SmallCap S&P 600 Index Separate Account is invested primarily in stocks and securities of companies similar to those stocks which are used to calculate the Standard and Poor’s 600 SmallCap Stock Index (or a similar stock index if the Standard and Poor’s 600 SmallCap Stock Index is no longer calculated). The investments may also include a reasonable amount of stock index futures, commercial paper, OTC (over the counter) derivative securities and other types of investments. In addition, some funds may be invested in stock index accounts operated by other investment managers, including funds operated by affiliates of ours. Principal SmallCap S&P 600 Index Separate Account attempts to earn a return similar to that of the Standard & Poor’s 600 SmallCap Stock Index. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value Separate Account.** Principal SmallCap Value Separate Account is invested primarily in common stocks from smaller, financially stable companies with below-average price/earnings ratios and above-average dividend yields which we view as undervalued by the market. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities or other convertible securities that may be converted to common stocks. If the market as a whole is overvalued, we may hold assets of this Separate Account in fixed income securities instead of stocks. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described.

**Principal SmallCap Value I Separate Account.** Principal SmallCap Value I Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations selecting those securities using fundamental research, systematic stock valuation and a disciplined portfolio construction process. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal SmallCap Value II Separate Account.** Principal SmallCap Value II Separate Account invests primarily in a diversified group of equity securities of U.S. companies with small market capitalizations that exhibit value characteristics. The investments may also include OTC (over the counter) derivative instruments such as options and futures, other equity securities, or other convertible securities that may be converted to common stocks. The Separate Account may also invest directly in the investments previously described or in some other type of investment that maintains the investments previously described.

**Principal U.S. Property Separate Account.** Principal U.S. Property Separate Account is invested primarily in real estate such as office buildings, industrial buildings, shopping centers, retail stores and similar property.

**Principal Ultra Long Bond Separate Account.** Principal Ultra Long Bond Separate Account is a pooled Separate Account invested primarily in long duration corporate bonds, Treasury bonds, agency debentures and zero coupon bonds (STRIPs) and other traditional fixed income instruments. Such holdings shall be predominantly denominated in U.S. dollars. In addition, some funds may be invested in OTC (over the counter) derivative instruments such as options and futures. The investments may also include such other foreign bond investments as

are generally considered appropriate for a fixed income bond account. The Separate Account will typically have an effective duration of over seven years. This Separate Account may invest in the investments outlined in this Separate Account description or in an underlying mutual fund or other type of investment that maintains the investment described. ]

- B. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES.** The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, its value is the fair market value of the assets held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

Net Asset Value (NAV) means the price per mutual fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

Business Day means a day on which both we and the New York Stock Exchange are open for business, or any other day which we agree will be a Business Day. If you request a list of our Business Days for any calendar year, we will provide you with the list.

- C. MANAGEMENT FEES.** The Management Fee under each Separate Account will be a percentage of the value of assets in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table of Separate Account Features. We will determine the Management Fee for each Separate Account and report it to you. We reserve the right to change the Management Fee to any charge up to the maximum limit at any time by giving you written notice at least 30 days before the date the change is to take effect.

Management Fee means the charge consisting of the investment Management Fee and the contract expense charge applicable to this class of contracts for each Separate Account which we determine and report to you.

A pro rata charge will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

- D. SEPARATE INVESTMENT FUND.** A Separate Investment Fund is established for this contract for participation in each Separate Account.
- E. RETURNS CREDITED TO SEPARATE INVESTMENT FUNDS.** Each Separate Investment Fund established under this contract will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Investment Funds established under this contract, we will use a unit value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

- F. UNIT VALUE SYSTEM OF RECORDKEEPING.** Under a unit value system of recordkeeping, we will calculate the value of a Separate Investment Fund for each Valuation Date by multiplying the number of Separate Account units held in the Separate Investment Fund by the applicable Unit Value.

Unit Value means the dollar value for one unit.

Contributions or transfers to a Separate Investment Fund increase the number of Separate Account units credited to it. Transfers and payments from a Separate Investment Fund reduce the number of Separate Account units. The increase or decrease in the number of Separate Account units is calculated by dividing the dollar amount of the contribution, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Investment Fund on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Investment Fund we will use the Unit Value applicable to the Separate Investment Fund for the Valuation Date on which we accept the Contribution or transfer. If we accept the Contribution or transfer on a date other than a Valuation Date, we will use the Unit Value for the next following Valuation Date.

We reserve the right to change our unit value recordkeeping system upon 30 days notice to you.

**G. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY.** We reserve the right to defer, limit, or stop your or any Member's (as permitted by the Plan) ability to direct Contributions and transfers to or from a Separate Account, and we may require you to transfer existing account balances out of a Separate Account. We may exercise these rights if we

1. need to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager under the Employee Retirement Income Security Act of 1974, as amended (ERISA),
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the contract with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Member (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

**[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Member may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the contract.**

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. Any amounts held in any other Separate Account or in our general account which are to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the investment option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (the Member, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will notify you in writing when amounts have been transferred to a reopened Separate Account.

You or a Member, as permitted by the Plan, may revoke a request for transfer of funds to a Separate Account by telling us in writing before the date transfer is made. The notification must also include new investment directions for the intended transfer.]

**Provisions for a permanently closed Separate Account.** We will notify you in writing of our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in the Paragraph labeled “Transfers and Payments from a Separate Account” below. If after 60 days we have not received your written notification of where to transfer a closed Separate Account balance, we will treat that account balance as a Contribution for which we do not have investment direction.

**H. TRANSFERS FROM A SEPARATE INVESTMENT FUND.** Upon written Notification, and subject to our right to defer a transfer described below, we will

1. transfer to a Guaranteed Interest Fund or another Separate Investment Fund all or any portion of the Separate Investment Fund specified, or
2. transfer to an Alternate Funding Agent all or any portion of the Separate Investment Fund, or

The amount to be transferred will be determined and transferred within [seven] business days after (i) the Valuation Date on which we receive the written Notification, or (ii) a later Valuation Date specified in the written Notification. Transfers will be made in accordance with our then-current procedures. We will notify you in writing of these procedures. The amount transferred will be deducted from the Separate Investment Fund from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Investment Fund may occur only on a Valuation Date of that Separate Investment Fund.

We are not responsible for the application of amounts transferred to an Alternate Funding Agent.

**I. LIMITATIONS ON TRANSFERS FROM A SEPARATE INVESTMENT FUND.** In general, transfers from a Separate Investment Fund will be made within [seven] business days after the first Valuation Date following the request specified in Section H. of this rider. We reserve the right, however, to defer such transfers up to the maximum number of days shown in the Table of Separate Account Features for each Separate Account. If we defer any transfer under this Section, we will determine the amount to be transferred on the date the transfer occurs. We will notify you in the event of any deferment of more than 30 days under the provisions of this Section.

These limitations will not apply to payments to the beneficiary of a Member due to the Member's death.



**Special Real Estate Limitations.** Because of the illiquid nature of the assets in which the Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Investment Fund if a transfer or payment would exceed the amount of cash and other liquid assets held in the Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this paragraph. For any Plan that allows Members to direct some or all of their investments to the Principal U.S. Property Separate Account and for which we keep records, we will notify all Members in the event of any deferment of more than 45 days of a type described under this paragraph which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our notice to those Members will be in writing and will explain the investment and transfer options available to the Members.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time. We will not manage the Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request, divided by
  - b. the amount of all waiting requests, multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Article VII, Section 16, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the notice to all affected Contractholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts.** We reserve the right to make the portion of a requested transfer in excess of the specified dollar limit in substantially equal monthly installments over a period not to exceed the specified period, if, in the specified period which ends on the requested date of transfer, all transfers and payments from the Separate Investment Fund invested in a particular Separate Account which is subject to the dollar limit total the specified dollar limit or more. For purposes of this limitation, transfers and payments from any other Separate Investment Funds or funds included in the Separate Account from any other contracts or policies issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Investment Fund. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

1. \$1,000,000 and 12 months, respectively, for 【Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.】
2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except 【Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.】

**Mutual Fund Limitations.** Without regard to any other feature of the contract or this rider, if any limitation or delay is imposed by an underlying Mutual Fund, if any, we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

- J. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS.** The Separate Accounts are not registered with the federal Securities and Exchange Commission and therefore only Plans which meet certain requirements under the Internal Revenue code may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan no longer qualifies as a qualified Plan, we will require that you transfer any assets invested in the Separate Investment Funds. If we decide that you must transfer assets from the Separate

Investment Funds, we will send you a notice describing your options. Your written Notification must clearly specify the General Investment Fund or Alternate Funding Agent where you want the Separate Account assets transferred. If we do not receive an acceptable written Notification from you within five business days, we will transfer the assets to the General Investment Fund.

**K. FUNDS.** We are the sole owner of all assets held in the Separate Accounts.

**L. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Member will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zinfle", is positioned above the title. The signature is fluid and cursive.

Chairman, President and  
Chief Executive Officer

### TABLE OF SEPARATE ACCOUNT FEATURES

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal Bond and Mortgage Separate Account	2.00	270
Principal Bond Market Index Separate Account	2.00	270
Principal Capital Appreciation Separate Account	2.00	270
Principal Core Plus Bond I Separate Account	2.00	270
Principal Disciplined LargeCap Blend Separate Account	2.00	270
Principal Diversified International Separate Account	2.00	270
Principal Equity Income Separate Account	2.00	270
Principal High Quality Intermediate-Term Bond Separate Account	2.00	270
Principal High Yield I Separate Account	2.00	270
Principal Income Separate Account	2.00	270
Principal Inflation Protection Separate Account	2.00	270
Principal International Emerging Markets Separate Account	2.00	270
Principal International Equity Index Separate Account	2.00	270
Principal International Growth Separate Account	2.00	270
Principal International I Separate Account	2.00	270
Principal International SmallCap Separate Account	2.00	270
Principal International Value I Separate Account	2.00	270
Principal LargeCap Blend I Separate Account	2.00	270
Principal LargeCap Blend II Separate Account	2.00	270
Principal LargeCap Growth Separate Account	2.00	270
Principal LargeCap Growth I Separate Account	2.00	270
Principal LargeCap Growth II Separate Account	2.00	270
Principal LargeCap S&P 500 Index Separate Account	2.00	270
Principal LargeCap Value Separate Account	2.00	270
Principal LargeCap Value I Separate Account	2.00	270
Principal LargeCap Value III Separate Account	2.00	270
Principal MidCap Blend Separate Account	2.00	270
Principal MidCap Growth Separate Account	2.00	270
Principal MidCap Growth III Separate Account	2.00	270
Principal MidCap S&P 400 Index Separate Account	2.00	270

Separate Account	Maximum Annual Management Fee Percentage	Maximum Number of Days Allowed to Defer Transfers or Payments
Principal MidCap Value I Separate Account	2.00	270
Principal MidCap Value III Separate Account	2.00	270
Principal Money Market Separate Account	2.00	90
Principal Preferred Securities Separate Account	2.00	270
Principal Real Estate Securities Separate Account	2.00	270
Principal Short-Term Bond Separate Account	2.00	270
Principal SmallCap Blend Separate Account	2.00	270
Principal SmallCap Growth Separate Account	2.00	270
Principal SmallCap Growth I Separate Account	2.00	270
Principal SmallCap Growth II Separate Account	2.00	270
Principal SmallCap S&P 600 Index Separate Account	2.00	270
Principal SmallCap Value Separate Account	2.00	270
Principal SmallCap Value I Separate Account	2.00	270
Principal SmallCap Value II Separate Account	2.00	270
Principal U.S. Property Separate Account	None	Three (3) years
Principal Ultra Long Bond Separate Account	2.00	270

## **Principal Life Insurance Company**

### **PREMIER SEPARATE ACCOUNT BALANCE RIDER - ALLOCATED**

This Rider is added to Document Number [( ) -] issued by us. All terms defined in the Document have the same meaning where used in this Rider. The effective date of this Rider is the latest of (i) the Document Date, (ii) the date this Rider has been approved for use in the state of delivery, or (iii) the date stated in the amendment adding this Rider to the Document.

The purpose of this Rider is to allow the Document to access our Separate Accounts. We reserve the right to limit both the number of Separate Accounts available under the Document and the number available to each Participant. The Separate Accounts shown in the Table A attached to this Rider may be available under this Document.

Although all Separate Accounts listed may be available under this Document, you may send us Notification indicating you want the Document administered so that this Document will not participate in one or more of these Separate Accounts. You may revoke your Notification by sending us a new Notification.

#### **A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS**

Each Separate Account listed in Table A of this Rider is a pooled Separate Account for use by our retirement plan customers. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements applicable to our general account or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income, gains and losses (whether or not realized), and expenses attributable to the amounts allocated to and held in a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The amounts held in a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account. We may occasionally invest all or a portion of the amounts held in any Separate Account in short term money market instruments, cash, or cash equivalents or in investment pools that consist of such investments.

## **B. DEFINITIONS**

Balance means an account that we create in accordance with a relevant Rider with regard to each Participant under this Document to track and reflect the value of the Participant's interest in a Document Option. There will be one Balance created with regard to each Document Option to which Contributions and transfers are made on a Participant's behalf. The nature of each Balance will be set out more thoroughly in relevant Riders.

Management Fee means the fee consisting of the investment management charge and the Document expense charge, if any, applicable to this class of contracts for each Separate Account.

A pro rata fee will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Mutual Fund means any diversified, open-end management investment company registered under the Investment Company Act of 1940 which is, or, if required by context, may be, the underlying investment of a Separate Account.

Net Asset Value (NAV) means the price per Mutual Fund share represented as a dollar amount.

Operating Expenses [are those charges that must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or are immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Separate Account(s) means the Separate Account(s) defined and described in Section A of this Rider.

Separate Account Balance means an account we establish under Section C of this Rider.

Unallocated Separate Account Balance means the account we establish to track and reflect the value of unallocated Contributions, and which operates as if it were a Participant's Balance.

Unit Value means the dollar value for one unit.

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

**C. SEPARATE ACCOUNT BALANCE**

A Separate Account Balance is an account that we create with regard to each Participant to track and reflect the value of the Participant's interest in a Separate Account. A Separate Account Balance is established for each Participant for a Separate Account for each type of Contribution a Participant directs to such Separate Account.

Default investment direction should be indicated in the written service and expense agreement you have with us. If no default investment direction is indicated in the service agreement, the default investment direction for allocated Participant accounts will be the most applicable Principal LifeTime Separate Account.

**D. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES**

The value of a Separate Account is its market value [(appraised market value for Principal U.S. Property Separate Account)] less Operating Expenses accrued but not deducted, if any. To the extent that a Separate Account invests in a Mutual Fund, the value of that portion of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. If there is no readily available market, the Separate Account's value is the fair market value of the amounts held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

**E. MANAGEMENT FEES**

The Management Fee under each Separate Account will be a percentage of the value of the amounts held in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table A. We will determine the



Management Fee for each Separate Account and report it to you in an Announcement. Notwithstanding the provisions of Article VI, Section 7, we reserve the right to change the Management Fee to any amount up to the maximum limit at any time by giving you an Announcement at least 30 days before the date the change is to take effect.

【The Management Fees with regard to amounts held in Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account, and Principal Total Market Stock Index Separate Account will be satisfied by payment of Management Fees in the underlying Separate Accounts in which the listed Separate Accounts are invested. An additional Management Fee will be charged under these listed Separate Accounts only for management services actually performed exclusively for assets other than units in other Separate Accounts held in the listed Separate Accounts.】

**F. UNALLOCATED SEPARATE ACCOUNT BALANCE**

Unless we receive Notification from you not to do so, an Unallocated Separate Account Balance will be established for Contributions for which either i) we do not have Notice needed to allocate such Contributions to individual Participants, or ii) you have notified us that such Contributions are to be unallocated. The 【Principal Money Market Separate Account】 will be used to hold such Contributions and the Unallocated Separate Account Balance will be set up accordingly. You may choose to use another Document Option available under this Document, subject to our agreement.

**G. RETURNS CREDITED TO SEPARATE ACCOUNT BALANCES**

Each Separate Account Balance established under this Document will be credited with its portion of the return associated with the appropriate Separate Account. The return for a Separate Account will be based on the change in value of that Separate Account less any Management Fee.

In order to track the returns for the Separate Account Balances established under this Document, we will use a Unit Value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

**H. UNIT VALUE SYSTEM OF RECORDKEEPING**

Under a Unit Value system of recordkeeping, we will calculate the value of a Separate Account Balance for each Valuation Date by multiplying the number of Separate Account units held in the Separate Account Balance by the applicable Unit Value.

Contributions or transfers to a Separate Account Balance increase the number of Separate Account units credited to it. Transfers, applications, and payments from a Separate Account Balance reduce the number of Separate Account units credited to it. The increase or decrease is calculated by dividing the dollar amount of the Contribution, application, transfer, or payment by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Account Balance on each Valuation Date. The Unit Value will be based upon the total value of the Separate Account and the number of existing Separate Account units.

When crediting Contributions and transfers added to a Separate Account Balance we will use the Unit Value applicable to the Separate Account Balance for the Valuation Date with respect to which we accept the Contribution or transfer.

Notwithstanding the provisions of Article VI, Section 7, we reserve the right to change our Unit Value recordkeeping system upon 30 days Announcement to you.

#### **I. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY**

We reserve the right to defer, limit, or stop your or any Participant's (as permitted by the Plan) ability to direct Contributions and transfers to a Separate Account, and we may require you to transfer existing Separate Account Balances out of a Separate Account. We may exercise these rights if we:

1. decide that we need to do so to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role as an investment manager regarding Separate Account assets under ERISA,
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available,
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, [other than Principal U.S. Property Separate Account,] will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the Document with regard to any such Contributions or transfers will apply.

We must receive new investment direction for any Contributions formerly directed to a temporarily closed Separate Account if you or the Participant (as permitted by the Plan) wish to change the way investments are treated, as described in the previous paragraph. Once a temporarily closed Separate Account reopens, we must receive new investment directions in order to direct any Contributions or transfers to such Separate Account. We may limit the application of such new investment directions as necessary to protect the Separate Account.

**[Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or to such other separate account or general account option as you or the Participant may have chosen for a default. We will maintain records of all such Contributions or transfer requests so that such amounts will be transferred to the closed Separate Account as soon as permitted under the terms of the Document.**

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into a Separate Account that was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Separate Account.
2. The value of any other Document Option which is to be transferred to the Separate Account.

Within each of the above 2 categories, amounts will be transferred one customer at a time, in order from the oldest waiting Contribution or transfer to the newest Contribution or transfer.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the Document Option it was in at the time of the request until the Valuation Date when complete transfer may be made. However, we and you (or the Participant, if permitted by the Plan) may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will Announce when amounts have been transferred to a reopened Separate Account.

You or a Participant, as permitted by the Plan, may revoke a request for transfer to a Separate Account by giving us Notification before the date transfer is made. The Notification must also include new investment directions for the intended transfer.]

**Provisions for a permanently closed Separate Account.** We will Announce our intent to permanently close a Separate Account. You will have 60 days to request a transfer as described in Section J. below. If after 60 days we have not received Notification of where to transfer a closed Separate Account Balance, we will treat your interest in the Separate Account as a Contribution for which we do not have investment direction.

**J. TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT BALANCE**

We will, upon Notification from you (the Participant if permitted by the Plan), and subject to our right to defer a transfer or payment as described in Section L of this Rider,

1. transfer all or part of a Participant's Separate Account Balance to one or more other Balances of the Participant's,
2. transfer all or part of a Participant's Separate Account Balance to another Funding Agent,
3. pay all or a part of a Participant's Separate Account Balance to the Participant as a loan if permitted by the Plan, or,
4. as a result of the occurrence of a Benefit Event, pay the Participant an amount equal to all or any portion of the Participant's Separate Account Balance.

The amount to be paid or transferred will be generally determined and paid or transferred within [seven] Business Days of your Notification, subject to the limitations described in Section I of this Rider, and after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will Announce these procedures. The amount transferred or paid will be deducted from the Separate Account Balance from which such transfer or payment was requested on the date of such transfer or payment. Each transfer to another Separate Account Balance may occur only on a Valuation Date of that Separate Account. Absent guidance to the contrary in the Notice electing less than a complete distribution, the amount to make the requested payments shall be deducted proportionately from each of the Participant's Separate Account Balances.

We are not responsible for the application of amounts transferred to another Funding Agent.

**K. MUTUAL FUND LIMITATION**

Without regard to any other feature of the Document or this Rider, if any limitation or delay is imposed by the underlying Mutual Fund we will be unable to transfer, make payments, or apply amounts held under these Separate Accounts.

**L. LIMITATIONS ON TRANSFERS AND PAYMENTS FROM A SEPARATE ACCOUNT BALANCE**

We reserve the right to defer such transfers or payments described in Section J up to 270 days (90 days for [Principal Money Market Separate Account and Principal Government & High Quality Bond Separate Account]) or such longer period as is necessary (up to three years) for [Principal U.S. Property Separate Account.] If we defer any transfer or payment under this Section, we will determine the amount to be transferred or paid on the date transfer or payment occurs. We will provide an Announcement in the event of any deferment of more than 30 days under the provisions of this Section.

Such deferment will be based on unstable or disorderly market or investment conditions which, in our opinion, do not allow for an orderly investment transfer. This deferment may include, but not be limited to, situations where regular banking has been suspended or when an emergency or other circumstances beyond our control do not allow for the orderly disposal and liquidation of securities or other assets.

These limitations will not apply to the payments to the beneficiary of a Participant due to the Participant's death, payments to a Participant due to disability or retirement under the Plan, and to purchases of annuity under Article IV, Section 2, of the Document.

**[Special Real Estate Limitations]** Because of the illiquid nature of the assets held in which Principal U.S. Property Separate Account is invested, we reserve the right to defer transfers or payments from a Principal U.S. Property Separate Account Balance if a transfer or payment would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested transfers or payments for longer than three years under this Section. For any Plan that allows Participants to direct or transfer some or all of their Balances to the Principal U.S. Property Separate Account and for which we keep records, we will provide an Announcement to all Participants in the event of any deferment of more than 45 days of a type described under this Section which arises under any of our contracts having access to the Principal U.S. Property Separate Account. Our Announcement to those Participants will be in writing and will explain the investment and transfer options available to the Participants.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time for up to three years. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for transfer or payment. If requests for transfer or payment from Principal U.S. Property Separate Account are deferred, then the deferred transfers or payments, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request (if expressed in the Notification requesting the transfer or payment as a dollar amount, we will use that dollar amount, but only to the extent that it does not exceed the amount of the Participant's Balance in Principal U.S. Property Separate Account at the time of the calculation), divided by
  - b. the amount of all waiting requests (determined as stated in (a), above), multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred transfers or payments, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity contract which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Section P of this Rider, or (iii) deem it necessary to make a change to maintain an equitable distribution of amounts held under all of our group annuity contracts. We will not implement a change under item (iii) before the Announcement to all affected Documentholders is provided and the appropriate time period after the notice has elapsed.】

**Special Limitation for Certain Separate Accounts** If in the period specified in (1) and (2) below, which ends on the requested date of transfer, all transfers and payments from the total of all Separate Account Balances invested in a particular Separate Account is equal to or greater than the dollar amount specified below, we reserve the right to make the portion of the requested transfer or payment in excess of this dollar amount in substantially equal installments over a period not to exceed the period specified below. For purposes of this limitation, transfers and payments from any other Separate Account Balances included in the Separate Account from any other contracts issued in connection with the Plan or with any other retirement plan of the Employer will be included as a transfer or payment from a Separate Account Balance. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

1. \$1,000,000 and 12 months, respectively, for [Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account.]
2. \$20,000,000 and 36 months, respectively, for all other Separate Accounts described in this Rider except [Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.]

**M. AMOUNT AND TIMING OF TRANSFERS, PAYMENTS, AND WITHDRAWALS**

Any transfer, payment, or withdrawal from the value of a Separate Account Balance in accordance with the provisions of this Rider will be in the amount stated in the Notice directing such transfer, payment, or withdrawal. If that amount is a stated dollar amount, then to the extent the Separate Account Balances are sufficient, we will transfer, pay or withdraw such amount. If the Notice directs that a percentage of a Separate Account Balance is to be transferred, paid, or withdrawn, then the amount to be so transferred, paid, or withdrawn will be that stated percentage of the value of the applicable Separate Account Balance as of the Valuation Date preceding the Valuation Date on which the transfer, payment, or withdrawal is to be made, provided that such Valuation Dates are Business Days.

**N. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS**

The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans that meet certain requirements under Federal securities law may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that the Plan is not, or no longer qualifies as, a qualified plan, or the Securities and Exchange Commission or

a court determines that the Plan does not meet the requirements of relevant Federal securities laws, we will require that you transfer any amounts held invested in the Separate Accounts. If we decide that you must transfer amounts held from the Separate Accounts, we will send you an Announcement describing your options. Your responsive Notification must clearly specify the Guaranteed Account Balance(s) or the Funding Agent to which you want the amounts held transferred.

**O. FUNDS**

We are the sole owner of all amounts held in the Separate Accounts.

**P. INVESTMENT MANAGER**

Issuance of this Rider constitutes affirmation by us that (i) we are an Investment Manager as described under ERISA solely with respect to management of the assets held in the Separate Accounts and (ii) we acknowledge that we are a fiduciary for this exclusive purpose of managing the assets of such Separate Accounts within the meaning of ERISA.

**Q. PURCHASE RATE GUARANTEES**

The minimum purchase rates in effect on the Document Date will remain in effect for Separate Account Balances accumulated during the five year period beginning on the Document Date, without regard to any subsequent changes in such purchase rates.

**R. AMENDMENT BY US.** As of any date, we may unilaterally strike this rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any additional Separate Account by a Participant will be by Notification.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zimbleman", is positioned above the title. The signature is fluid and cursive.

Chairman, President and  
Chief Executive Officer



**TABLE A**  
**LISTING OF SEPARATE ACCOUNTS**

The following Separate Accounts may all be available under this Document.

The maximum Management Fee for all of these Separate Accounts is 2.0%, except for Principal U.S. Property Separate Account, which is 3.0%.

[Principal Bond and Mortgage Separate Account  
Principal Bond Emphasis Balanced Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account  
Principal LifeTime 2030 Separate Account  
Principal LifeTime 2035 Separate Account  
Principal LifeTime 2040 Separate Account  
Principal LifeTime 2045 Separate Account  
Principal LifeTime 2050 Separate Account  
Principal LifeTime 2055 Separate Account  
Principal LifeTime Strategic Income Separate Account

Principal MidCap Blend Separate Account  
Principal MidCap Growth Separate Account  
Principal MidCap Growth III Separate Account  
Principal MidCap S&P 400 Index Separate Account  
Principal MidCap Value I Separate Account  
Principal MidCap Value III Separate Account  
Principal Money Market Separate Account  
Principal Preferred Securities Separate Account  
Principal Real Estate Securities Separate Account  
Principal Short-Term Bond Separate Account  
Principal SmallCap Blend Separate Account  
Principal SmallCap Growth Separate Account  
Principal SmallCap Growth I Separate Account  
Principal SmallCap Growth II Separate Account  
Principal SmallCap S&P 600 Index Separate Account  
Principal SmallCap Value Separate Account  
Principal SmallCap Value I Separate Account  
Principal SmallCap Value II Separate Account  
Principal Stock Emphasis Balanced Separate Account  
Principal Strategic Asset Management Balanced Separate Account  
Principal Strategic Asset Management Conservative Balanced Separate Account  
Principal Strategic Asset Management Conservative Growth Separate Account  
Principal Strategic Asset Management Flexible Income Separate Account  
Principal Strategic Asset Management Strategic Growth Separate Account  
Principal Total Market Stock Index Separate Account  
Principal U.S. Property Separate Account】

These Separate Accounts are described in “Descriptions of Principal Separate Accounts”. You may request a copy from us at any time.

## **Principal Life Insurance Company**

### **PREMIER SEPARATE ACCOUNT BALANCE RIDER - DEFINED BENEFIT UNALLOCATED**

This Rider is added to Document Number [( ) -] issued by us. All terms defined in the Document have the same meaning where used in this Rider. The effective date of this Rider is the latest of (i) the Document Date, (ii) the date this Rider has been approved for use in the state of delivery, or (iii) the date stated in the amendment adding this Rider to the Document.

The purpose of this Rider is to allow the Document to access our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the Document. The Separate Accounts shown in the Table A attached to this Rider can be made available under this Document, per your direction to us.

Although all Separate Accounts listed in Table A of this Rider may be available under this Document, per your direction to us, you may send us Notification indicating you want the Document administered so that one or more of these Separate Accounts will not be available to receive Contributions. You may revoke or change your Notification by sending us a new Notification. Such revocation or change will be effective [14] Business Days after our receipt of it.

#### **A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS**

Each Separate Account listed in Table A is a pooled Separate Account for use by our retirement plan clients. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements applicable to our general account or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income, gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with: any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account, nor with liabilities arising out of any other business we may conduct. We may invest the assets of any Separate Account in short term money market instruments, cash, or cash equivalents in order to provide liquidity or while awaiting investment or reinvestment.

## **B. DEFINITIONS**

Balance means an account we create in order to track and reflect the value of the interest the Documentholder has in a Document Option, as set out in this Rider. The Balances addressed in this Rider are Separate Account Balances. The amount of the Separate Account Balances is the limit of our obligations with regard to those Balances. We are under no obligation to make any payment, transfer, or application with regard to any Separate Account Balance that is in excess of the value of the Balance, less any charges described in this Rider.

Management Fee means the fee consisting of the investment management charge and the Document expense charge applicable to this Document, for each Separate Account. A pro-rata charge for the Management Fee will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Mutual Fund means any diversified, open-end management investment company registered under the Investment Company Act of 1940 which is, or, if required by context, may be, an underlying investment of a Separate Account.

Net Asset Value (NAV) means the price per Mutual Fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or become immediately payable. In accordance with our then-current procedures, various Separate Accounts may share in the payment of certain Operating Expenses and, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Separate Account means each Separate Account defined and described in Section A of this Rider.

Separate Account Balance means the Balance that we establish with regard to this Document under Section C of this Rider.

Unit Value means the dollar value for one unit.

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International Small Company Separate Account, Principal International Emerging Markets Separate Account, and Principal Partners International Separate Account only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

**C. SEPARATE ACCOUNT BALANCE**

A Separate Account Balance is established for this Document for participation in each Separate Account.

Default investment direction. Default investment direction should be indicated in the written service and expense agreement you have with us. If no default investment direction is indicated in the service agreement, the default investment direction for unallocated accounts will be the Principal Money Market Separate Account.

**D. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES**

The value of a Separate Account is the market value [(appraised market value for Principal U.S. Property Separate Account)] of the assets held in that Separate Account, less Operating Expenses accrued but not deducted, if any. If there is no readily available market, the Separate Account's value is the fair market value of the amounts held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. To the extent that a Separate Account invests in a Mutual Fund, the value of that portion of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

**E. MANAGEMENT FEES**

The Management Fee with regard to each Separate Account will be a percentage of the value of the amounts held in such Separate Account, subject to the equivalent of a maximum annual percentage listed in the Table A. We will determine the Management Fee for each Separate Account and report it to you in an

Announcement. Notwithstanding the provisions of Article VI, Section 7, we reserve the right to change the Management Fee to any amount up to the maximum limit at any time by giving you an Announcement at least 30 days before the date the change is to take effect.

**[The Management Fees with regard to Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account, and Principal Total Market Stock Index Separate Account will be satisfied by payment of Management Fees in the underlying Separate Accounts in which the listed Separate Accounts are invested. An additional Management Fee will be charged under these listed Separate Accounts only with regard to management services actually performed exclusively for assets other than units in other Separate Accounts held in the listed Separate Accounts.]**

**F. RETURNS CREDITED TO SEPARATE ACCOUNT BALANCES**

Each Separate Account Balance established under this Document will be credited with its portion of the gains or losses associated with the appropriate Separate Account. The gains or losses with regard to a Separate Account will be based on the change in value of that Separate Account, including payment of any Management Fee and Operating Expenses.

In order to track the Separate Account returns for the purpose of determining Separate Account Balances established under this Document, we will use a Unit Value system of recordkeeping, unless we determine that another recordkeeping system would be more appropriate.

**G. UNIT VALUE SYSTEM OF RECORDKEEPING**

The value of a unit in any Separate Account will be obtained by dividing the value of the Separate Account by the number of units outstanding at the time of the determination. This will provide the Unit Value.

We will determine the value of a Separate Account Balance for each Valuation Date by multiplying the number of Separate Account units held in the Separate Account Balance by the applicable Unit Value.

Contributions or transfers to a Separate Account increase the number of units attributable to the Separate Account and the number of units credited to the relevant Separate Account Balance. Payments, transfers, and applications from a Separate Account reduce the number of Separate Account units attributed to the Separate Account and the number of units credited to the relevant Separate Account Balance. The increase or decrease in the number of units attributable to a Separate Account is calculated by dividing the dollar amount of the Contribution, payment, transfer, or application by the applicable Unit Value.

We will calculate the Unit Value applicable to each Separate Account Balance on each Valuation Date.

When crediting Contributions and transfers added to a Separate Account we will use the Unit Value applicable to the Separate Account for the Valuation Date with respect to which we accept the Contribution or transfer. In the event of a payment, transfer, or application from a Separate Account, we will use the Unit Value applicable to the Separate Account for the Valuation Date with respect to which we make such payment, transfer, or application.

Notwithstanding the provisions of Article VI, Section 7, we have the right to change our Unit Value recordkeeping system upon 30 days Announcement to you.

#### **H. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY**

We reserve the right to defer, limit, or stop Contributions and transfers to a Separate Account, and we may transfer amounts in the Separate Account that are attributable to the Plan out of a Separate Account. We may exercise these rights if we:

1. decide that we need to do so to comply with regulation, statute, or decisional law to which we are subject,
2. believe it would be imprudent not to do so in fulfilling our fiduciary role regarding Separate Account assets under ERISA,
3. believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available, or
4. decide to suspend or discontinue operation of such Separate Account.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis, other than those specifically addressed [with regard to the Principal U.S. Property Separate Account below], will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the Document with regard to any such Contributions or transfers will apply. Your direction to make Contributions and transfers to the temporarily closed Separate Account will be treated as revoked.

If you wish to have Contributions or transfers originally intended to be allocated to any Separate Account that is temporarily closed be allocated to something other than as amounts for which we have not received proper investment directions, we must receive new investment direction with regard to those Contributions or transfer. Once a temporarily closed Separate Account reopens, we must receive new

directions in order to direct any Contributions or transfers to such Separate Account; the directions that were made prior to the closing of the Separate Account will continue to be treated as revoked, even after the Separate Account reopens. We may limit the application of such new investment directions as necessary to protect the Separate Account and assure that it operates properly.

**[**Contributions or transfers directed to the Principal U.S. Property Separate Account, if we have closed it on a temporary basis, will be directed to Principal Money Market Separate Account, if available, or will be treated as Contributions or transfers for which we have not received proper investment directions. We will maintain records of all such Contributions or transfers that are redirected. Such redirected amounts will be transferred to the Principal U.S. Property Separate Account as soon as permitted after the Separate Account is reopened. We may limit the application of such new investment directions as necessary to protect the Separate Account and assure that it operates properly.

Normally, if the amount of the intended transfer is greater than the amount open for acceptance by a previously closed Separate Account, the entire amount of the transfer will continue to be held in the Document Option it was at the time of the request until the Valuation Date when complete transfer may be made. However, we and you may mutually agree to transfer only a portion of the intended amount to the Separate Account.

We will Announce when amounts have been transferred to a reopened Separate Account.

You may revoke a request for transfer of funds to a Separate Account by giving us Notification before the date transfer is made. The Notification must also include new investment directions for the intended transfer.

**Provisions for Principal U.S. Property Separate Account if it has been temporarily closed.** We have established the following order of entry into this Separate Account if it was temporarily closed, then reopened:

1. All amounts held in Principal Money Market Separate Account waiting for transfer to the Principal U.S. Property Separate Account.
2. The value of any other Document Option which is attributable to amounts that were to be transferred to the Separate Account but could not be transferred due to the temporary closing of the Separate Account.

Within each of the above two categories, funds will be transferred, in order from the oldest waiting Notification to the newest Notification.]



**Provisions for a permanently closed Separate Account.** We will Announce our intent to permanently close a Separate Account. You will have 60 days to request transfer as described in Section I. below. If after 60 days we have not received Notification of where to transfer a closed Separate Account Balance and the related interest in the closed Separate Account, we will treat those amounts as a Contribution for which we do not have investment direction.

**I. PAYMENTS AND TRANSFERS FROM A SEPARATE ACCOUNT BALANCE**

Upon Notification, or subject to our rights to make or defer a payment or transfer as described in this Rider, and, if a Benefit Index Rider is part of this Document, provided such transfer would not cause the Benefit Index to equal or exceed the value of the Balances under this Document determined in accordance with the provisions of the Benefit Index Rider, we will:

1. transfer to another Document Option all or any portion of the Separate Account Balance specified, and the related interest in the closed Separate Account, or
2. transfer to another Funding Agent all or any portion of the Separate Account Balance and the related interest in the closed Separate Account, or
3. make any benefit payments under Article IV directly from the Separate Account Balance and the related interest in the closed Separate Account,
4. In addition, we will make any payments you direct us to, directly from the Separate Account, of (i) premiums for the Pension Benefit Guaranty Corporation, (ii) premiums or payments due under a group life insurance policy issued by us or another group annuity Document issued by us which provides benefits under the Plan, or (iii) premiums or fees for benefits or services not provided by us which are chargeable to the Plan. Payment will be made for items described in 4(iii) only if you are a trustee of the Plan.

The amount to be paid or transferred will be determined and paid or transferred within **[seven]** Business Days after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will Announce these procedures to you. The amount paid or transferred will be deducted from the Separate Account Balance from which such payment or transfer was requested on the date of such payment or transfer. Each transfer to another Separate Account Balance may occur only on a Valuation Date of that Separate Account Balance.

We are not responsible for the application of amounts transferred to another Funding Agent.

**J. MUTUAL FUND LIMITATION**

Without regard to any other feature of the Document or this Rider, if any limitation or delay is imposed by the underlying Mutual Fund, we will be unable, and not required, to make payments, transfers, or apply amounts held under these Separate Accounts until such limitations are lifted or delayed payments are made to us.

**K. LIMITATIONS ON PAYMENTS AND TRANSFERS FROM A SEPARATE ACCOUNT BALANCE**

We reserve the right to defer such payments or transfers described in Section I up to 270 days (90 days for [Principal Money Market Separate Account and Principal Government & High Quality Bond Separate Account]) or such longer period as is necessary (up to three years) for [Principal U.S. Property Separate Account.] If we defer any payment or transfer under this Section, we will determine the amount to be actually paid or transferred on the date payment or transfer occurs. This determination will reflect changes to the value of the Separate Account assets during the delay. We will provide an Announcement in the event of any deferment of more than 30 days under the provisions of this Section.

Such deferment will be based on unstable or disorderly market or investment conditions which, in our opinion, do not allow for an orderly investment transfer. This deferment may include, but not be limited to, situations where regular banking has been suspended or when an emergency or other circumstances beyond our control do not allow for the orderly disposal and liquidation of securities or other assets.

These limitations will not apply to the payments to the beneficiary of a Participant due to the Participant's death, payments to a Participant due to disability or retirement under the Plan, and to purchases of annuity under Article IV, Section 3, of the Document.

**[Special Real Estate Limitations.]** Because of the illiquid nature of the assets in which Principal U.S. Property Separate Account is invested, we reserve the right to defer payments or transfers from a Principal U.S. Property Separate Account Balance if a payment or transfer would exceed the amount of cash and other liquid assets held in Principal U.S. Property Separate Account, reduced by amounts committed to purchase properties or needed for Operating Expenses. We will not defer requested payments or transfers for longer than three years under this Section.

Principal U.S. Property Separate Account may be illiquid for indefinite periods of time for up to three years. We will not manage Principal U.S. Property Separate Account to provide a liquidity pool for requests for payment or transfer. If requests for payment or transfer from Principal U.S. Property Separate Account are deferred, then the deferred payments or transfers, when made, will be made in the following order:

1. Any death benefits payable under a defined contribution plan.
2. All or a portion of each of the other requests for payment, determined as follows:
  - a. the amount of the request (if expressed in the Notification requesting the payment or transfer as a dollar amount, we will use that dollar amount, but only to the extent that it does not exceed the amount of the Balance in Principal U.S. Property Separate Account at the time of the calculation), divided by
  - b. the amount of all waiting requests (determined as stated in (a), above), multiplied by
  - c. the amount we determine to be available to pay requests; provided, however, that no more than the amount of the request shall be paid out.

Deferred payments or transfers, when paid, will be made as of a Valuation Date and will be based on the Principal U.S. Property Separate Account Unit Value as of the date paid. In determining the amount available to pay requests, we will subtract amounts payable under any other group annuity Document which requires that we make payments from the Principal U.S. Property Separate Account using a method other than the one described in this Section.

We reserve the right to make payments in a different manner than described in this Section if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA investment manager as described in Section O of the Rider, or (iii) deem it necessary to make a change to maintain an equitable distribution of assets under all of our group annuity contracts. We will not implement a change under item (iii) before the Announcement to all affected Documentholders is provided and the appropriate time period after the Announcement has elapsed.】

**Special Limitation for Certain Separate Accounts.** If in the period specified in (3) and (4) below, which ends on the requested date of transfer, all payments and transfers from the total of all Separate Account Balances maintained with regard to a particular Separate Account are equal to or greater than the dollar amount specified in (3) and (4) below, we will make the portion of the requested payment or transfer in excess of this dollar amount in substantially equal installments over a period not to exceed the period specified below. For purposes of this limitation, payments and transfers from any other Separate Account Balances maintained with

regard to the Separate Account from any other contracts issued in connection with the Plan or with any other retirement plan of the Employer will be included as a payment or transfer from a Separate Account Balance. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period are:

3. \$1,000,000 and 12 months, respectively, for [Principal International Small Company Separate Account and Principal International Emerging Markets Separate Account.]
4. \$20,000,000 and 36 months, respectively, for all other Separate Accounts listed in this Rider except [Principal Money Market Separate Account and Principal Bond and Mortgage Separate Account.]

**L. AMOUNT AND TIMING OF PAYMENTS, TRANSFERS, AND WITHDRAWALS**

Any payment, transfer, or withdrawal from the value of a Separate Account in accordance with the provisions of this Rider will be in the amount stated in the Notice directing such payment, transfer, or withdrawal. If that amount is a stated dollar amount, then to the extent the Separate Account Balances are sufficient, we will pay, transfer, or withdraw such amount. If the Notice directs that a percentage of a Separate Account Balance is to be paid, transferred, or withdrawn, then the amount to be so paid, transferred, or withdrawn will be that stated percentage of the value of the applicable Separate Account Balance as of the Valuation Date preceding the Valuation Date on which the, payment, transfer, or withdrawal is to be made, provided that such Valuation Dates are Business Days.

**M. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS**

The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans that meet certain requirements under Federal securities law may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that a Plan is not, or no longer qualifies as, a qualified plan, or the Securities and Exchange Commission or a court determines that the Plan does not meet the requirements of relevant Federal securities laws, we will require that you transfer any amounts held invested in the Separate Accounts. If such a transfer becomes necessary, we will send you an Announcement describing your options. Your responsive Notification must clearly specify whether to make the transfer to a Balance described in the Guaranteed Account Balance Rider – Defined Benefit Unallocated, if such Rider is a part of this Document, or to the Funding Agent to which you want the amounts held transferred. If we do not receive a timely Notification, we will make the transfer from the Separate Account to a Balance described in the Guaranteed Account Balance Rider

– Defined Benefit Unallocated, if such Rider is a part of this Document, or to such person that which we reasonably believe can act as a Funding Agent. If we can not identify such a person, then we will take such actions as are necessary (including court actions) to have someone appointed to that role, which shall be paid for from the amounts that need to be transferred.

**N. FUNDS**

We are the sole owner of all assets held in the Separate Accounts.

**O. INVESTMENT MANAGER**

Issuance of this Rider constitutes acceptance and affirmation by us that (i) we are an “investment manager” as described under ERISA solely with respect to the management of assets held in our Separate Accounts and (ii) we acknowledge that we are a fiduciary for this exclusive purpose of managing the assets of such Separate Accounts within the meaning of ERISA.

**P. AMENDMENT BY US.** As of any date, we may unilaterally strike this Rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any Separate account will be by Notification from you. In the event that we make a change to the operation of a Separate Account or decide to permanently close a Separate Account, we may unilaterally strike this Rider and replace it with a rider to reflect such changes or permanent closings, effective upon 60 days Announcement to you.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Jay Zimfler", is positioned above the title. The signature is fluid and cursive.

Chairman, President and  
Chief Executive Officer

**TABLE A**  
**LISTING OF SEPARATE ACCOUNTS**

The following Separate Accounts may all be available under this Document.

The maximum Management Fee for all of these Separate Accounts is 2.0%, except for Principal U.S. Property Separate Account, which is 3.0%

[Principal Bond Emphasis Balanced Separate Account  
Principal Bond and Mortgage Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal International Value I Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account  
Principal LifeTime 2030 Separate Account  
Principal LifeTime 2035 Separate Account  
Principal LifeTime 2040 Separate Account  
Principal LifeTime 2045 Separate Account  
Principal LifeTime 2050 Separate Account  
Principal LifeTime 2055 Separate Account

Principal LifeTime Strategic Income Separate Account  
 Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Stock Emphasis Balanced Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal Total Market Stock Index Separate Account  
 Principal U.S. Property Separate Account  
 Principal Ultra Long Bond Separate Account】

These Separate Accounts are described in “Descriptions of Principal Separate Accounts”. You may request a copy from us at any time.

## **Principal Life Insurance Company**

### **PREMIER SEPARATE ACCOUNT BALANCE RIDER - UNALLOCATED**

This Rider is added to Document Number [( ) -] issued by us. All terms defined in the Document have the same meaning where used in this Rider. The effective date of this Rider is the latest of (i) the Document Date, (ii) the date this Rider has been approved for use in the state of delivery, or (iii) the date stated in the amendment adding this Rider to the Document.

The purpose of this Rider is to allow the Document to access our Separate Accounts. We reserve the right to limit the number of Separate Accounts available under the Document. The Separate Accounts shown in the Table A attached to this Rider can be made available under this Document, per your direction to us.

Although all Separate Accounts listed in Table A of this Rider may be available under this Document, per your direction to us, you may send us Notification indicating you want the Document administered so that one or more of these Separate Accounts will not be available to receive Contributions. You may revoke or change your Notification by sending us a new Notification. Such revocation or change will be effective [14] Business Days after our receipt of it. We may also decline a Contribution to a Separate Account.

#### **A. DESCRIPTIONS OF THE SEPARATE ACCOUNTS**

Each Separate Account listed in Table A is a pooled Separate Account for use by our retirement plan clients. The funds held in each Separate Account will be invested and reinvested by us in accordance with applicable law, without regard to any investment requirements applicable to our general account or of any of our other Separate Accounts.

A Separate Account consists of funds we receive under group annuity contracts or policies which permit deposit in such Separate Account and under which amounts are directed to such Separate Account. All income, gains and losses (whether or not realized), and expenses from the assets allocated to a Separate Account will be credited to or charged against that Separate Account without regard to any other income, gains or losses, or expenses we might have for our general account or any other Separate Account. The assets of a Separate Account will not be charged with any liabilities arising out of the investment experience of our general account or any other Separate Accounts outside that Separate Account, nor with liabilities arising out of any other business we may conduct. We may invest the assets of any Separate Account in short term money market instruments, cash, or cash equivalents in order to provide liquidity or while awaiting investment or reinvestment.



## **B. DEFINITIONS**

Balance means an account we create in order to track and reflect the value of the interest the Documentholder has in a Document Option, as set out in this Rider. The Balances addressed in this Rider are Separate Account Balances. The amount of the Separate Account Balances is the limit of our obligations with regard to those Balances. We are under no obligation to make any payment, transfer, or application with regard to any Separate Account Balance that is in excess of the value of the Balance, less any charges described in this Rider.

Management Fee means the fee consisting of the investment management charge and the Document expense charge applicable to this Document, for each Separate Account. A pro-rata charge for the Management Fee will be deducted from each Separate Account on each Valuation Date for the number of calendar days within the Valuation Period ending on such Valuation Date.

Mutual Fund means any diversified, open-end management investment company registered under the Investment Company Act of 1940 which is, or, if required by context, may be, an underlying investment of a Separate Account.

Net Asset Value (NAV) means the price per Mutual Fund share represented as a dollar amount.

Operating Expenses [are those charges which must be paid in order to operate a Separate Account or obtain and maintain investments for a Separate Account. Operating Expenses include, but are not limited to, custodial fees, transfer taxes, brokerage fees, processing fees, and other taxes and fees associated with the operation of a Separate Account. Operating Expenses will be deducted from the Separate Account associated with a particular charge on the next Valuation Date after the Operating Expenses have been paid or become immediately payable. In accordance with our then-current procedures, with regard to the investments held under the Separate Accounts, in some cases, we may use certain fees paid to us by third parties to offset Operating Expenses incurred by a Separate Account which would otherwise be payable from that Separate Account.]

Separate Account means each Separate Account defined and described in Section A of this Rider.

Separate Account Balance means the Balance that we establish with regard to this Document under Section C of this Rider.

Unit Value means the dollar value for one unit.

Valuation Date [means the date we determine the value of a Separate Account. Valuation Dates will occur on dates we determine, but at least on the last Business Day of a calendar month. Valuation will occur at the end of each such day, according to our then-current procedures. For purposes of the Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, Principal Global Equity I Separate Account, Principal International I Separate Account, and other Separate Accounts as we provide in an Announcement, only those days on which both the value of the underlying investments is determined and we are open for business will be Valuation Dates.]

Valuation Period [means the period from the end of a Valuation Date to the end of the next following Valuation Date.]

**C. SEPARATE ACCOUNT BALANCE**

A Separate Account Balance is established for this Document for participation in each Separate Account.

[Default investment direction. If we receive Contributions but do not have direction as to which Separate Account(s) they are to be allocated, we will allocate the Contributions to the Separate Account that you have selected for a default option. If you have not selected a default option, we will allocate it to the Principal Money Market Separate Account. If the Principal Money Market Separate Account is not available, the amounts will be allocated to the most conservative, as determined using Morningstar or similar factors, Separate Account that is available.]

**D. DETERMINING SEPARATE ACCOUNT VALUES; OPERATING EXPENSES**

The value of a Separate Account is the market value of the assets held in that Separate Account, less Operating Expenses accrued but not deducted, if any. If there is no readily available market, the Separate Account's value is the fair market value of the amounts held in such Separate Account as determined by us using generally accepted accounting practices and applicable law. To the extent that a Separate Account invests in a Mutual Fund, the value of that portion of such Separate Account is the number of the shares invested in the Mutual Fund multiplied by the Mutual Fund's NAV for that Valuation Date. The value of all Separate Accounts will always be expressed in U.S. dollars. We will determine the value of a Separate Account on each Valuation Date.

[We may, if directed to do so by an appropriate Plan fiduciary in a Notice, use a portion of the Plan's recordkeeping or similar fees collected from a Separate Account to pay a third party provider of services, such a recordkeeping, with respect to the Plan for expenses incurred in the provision of such services. We will report such collection and payment to you in an Announcement.]

**E. MANAGEMENT FEES**

The Management Fee with regard to each Separate Account will be subject to the maximum annual percentage listed in the Table A. We will determine the Management Fee for each Separate Account and report it to you in an Announcement. Notwithstanding the provisions of Article VI, Section 7, we reserve the right to change the Management Fee to any amount up to the maximum limit at any time by giving you an Announcement at least 60 days before the date the change is to take effect.

[The Management Fees with regard to Principal Bond Emphasis Balanced Separate Account, Principal Stock Emphasis Balanced Separate Account, Principal Total Market Stock Index Separate Account, and any other Separate Account if we give you an Announcement of the fact, will be satisfied by payment of Management Fees in the underlying Separate Accounts in which the listed Separate Accounts are invested. An additional Management Fee will be charged under these listed Separate Accounts only with regard to management services actually performed exclusively for assets other than units in other Separate Accounts held in the listed Separate Accounts.]

**F. RETURNS CREDITED TO SEPARATE ACCOUNT BALANCES**

Each Separate Account Balance established under this Document will be credited with its portion of the gains or losses associated with the appropriate Separate Account through the unit value system of recordkeeping described below. The gains or losses with regard to a Separate Account will be based on the change in value of the assets held in that Separate Account, including payment of the Management Fee and Operating Expenses.

**G. UNIT VALUE SYSTEM OF RECORDKEEPING**

In order to track the Separate Account returns for the purpose of determining Separate Account Balances established under this Document, we will use a Unit Value system of recordkeeping.

The value of a unit in any Separate Account will be obtained by dividing the value of the Separate Account by the number of units outstanding at the time of the determination. This will provide the Unit Value.

We will determine the value of a Separate Account Balance for each Valuation Date by multiplying the number of Separate Account units held in the Separate Account Balance by the applicable Unit Value.

Contributions or transfers to a Separate Account increase the number of units attributable to the Separate Account and the number of units credited to the relevant Separate Account Balance. Payments, transfers, and applications from a Separate Account reduce the number of Separate Account units attributed to the Separate

Account and the number of units credited to the relevant Separate Account Balance. The increase or decrease in the number of units attributable to a Separate Account is calculated by dividing the dollar amount of the Contribution, payment, transfer, or application by the applicable Unit Value.

When crediting Contributions and transfers added to a Separate Account we will use the Unit Value applicable to the Separate Account for the Valuation Date with respect to which we accept the Contribution or transfer. In the event of a payment, transfer, or application from a Separate Account, we will use the Unit Value applicable to the Separate Account for the Valuation Date with respect to which we make such payment, transfer, or application.

Notwithstanding the provisions of Article VI, Section 7, if we determine that another recordkeeping system, or a modification of the Unit Value recordkeeping system would be more appropriate, we have the right to change or replace our Unit Value recordkeeping system upon 30 days Announcement to you.

#### **H. DEPOSITS TO SEPARATE ACCOUNTS; RESTRICTIONS AND ORDER OF ENTRY**

We will defer, limit, or stop Contributions and transfers to a Separate Account, and we will transfer amounts in the Separate Account that are attributable to the Plan out of a Separate Account, if:

1. we decide that we need to do so to comply with regulation, statute, or decisional law to which we are subject,
2. we believe it would be imprudent not to do so in fulfilling our fiduciary role regarding Separate Account assets under ERISA,
3. we believe the investment approach of the Separate Account no longer makes sense, is excessively expensive, or does not currently have any favorable investment opportunities available,
4. we decide to suspend or discontinue operation of such Separate Account, or
5. the Plan is not, or ceases to be, a plan described in Section M in this Rider.

Contributions or transfers directed to a Separate Account that we have closed on a temporary basis will be treated as Contributions or transfers for which we have not received proper investment directions and the provisions of the Document with regard to any such Contributions or transfers will apply. Your direction to make Contributions and transfers to the temporarily closed Separate Account will be treated as permanently revoked.

If you wish to have Contributions or transfers originally intended to be allocated to any Separate Account that is temporarily closed be allocated as something other than as amounts for which we have not received proper investment directions, we must receive new investment direction with regard to those Contributions or transfer. Once a temporarily closed Separate Account reopens, we must receive new directions in order to direct any Contributions or transfers to such Separate Account; the directions that were made prior to the closing of the Separate Account will continue to be treated as revoked, even after the Separate Account reopens. We may limit the application of such new investment directions as necessary to protect the Separate Account and assure that it operates properly.

**Provisions for a permanently closed Separate Account.** We will Announce our intent to permanently close a Separate Account. Subject to the limitations in Section K, below, you will have 60 days to request a transfer as described in Section I, below. If after 60 days we have not received Notification of where to transfer a Separate Account Balance in a closed Separate Account, we will treat those amounts as a Contribution for which we do not have investment direction and transfer them accordingly.

**I. PAYMENTS AND TRANSFERS FROM A SEPARATE ACCOUNT BALANCE**

Upon Notification, or subject to our rights to make or defer a payment or transfer as described in this Rider, we will:

1. transfer to another Document Option all or any portion of the Separate Account Balance specified, and the related interest in the closed Separate Account, or
2. transfer to another Funding Agent all or any portion of the Separate Account Balance and the related interest in the closed Separate Account,
3. make any benefit payments under Article IV directly from the Separate Account Balance and the related interest in the closed Separate Account, or
4. we will make any payments you direct us to in a Notice, directly from the Separate Account, of (i) premiums or payments due under a group life insurance policy issued by us or another group annuity contract issued by us which provides benefits under the Plan, or (ii) premiums or fees for benefits or services not provided by us which are chargeable to the Plan. Payment will be made to you for items described in 4(ii) only if you are a trustee of the Plan.

The amount to be paid or transferred will be determined and paid or transferred within **[seven]** Business Days, subject to Section L, after (i) the Valuation Date on which we receive the Notification, or (ii) a later Valuation Date specified in the Notification. Payments and transfers will be made in accordance with our then-current procedures. We will Announce these procedures to you. The amount paid

or transferred will be deducted from the Separate Account Balance from which such payment or transfer was requested on the date of such payment or transfer. Each transfer to another Separate Account Balance may occur only on a Valuation Date of that Separate Account Balance.

We are not responsible for the application of amounts transferred to another Funding Agent.

**J. MUTUAL FUND LIMITATION**

Without regard to any other feature of the Document or this Rider, if any limitation or delay is imposed by the underlying Mutual Fund we will be unable, and not required, to make payments, transfers, or apply amounts held under these Separate Accounts until such limitations are lifted or delayed payments are made to us.

**K. LIMITATIONS ON PAYMENTS AND TRANSFERS FROM A SEPARATE ACCOUNT BALANCE**

We reserve the right to defer such payments or transfers from a Separate Account described in this Rider up [to 270 days (90 days for Principal Money Market Separate Account and Principal Government & High Quality Bond Separate Account).] If we defer any payment or transfer under this Section, we will determine the amount to be actually paid or transferred on the Valuation Date immediately preceding the date on which a payment or transfer actually occurs. This determination will reflect changes to the value of the Separate Account assets, as well as the Operating Expenses and Management Fee during the delay. We will provide you an Announcement in the event of any deferment of more than 30 days under the provisions of this Section.

This deferment may include, but not be limited to, situations (i) involving disorderly or unstable markets, (ii) where regular banking has been suspended, or (iii) when an emergency or other circumstances beyond our control does not allow for the orderly disposal and liquidation of securities or other assets.

To the extent possible in conjunction with our obligations under our contracts and applicable law, these limitations will not apply to the payments to the beneficiary of a Participant due to the Participant's death, payments to a Participant due to disability or retirement under the Plan, and to purchases of annuity under Article IV, Section 3, of the Document.

We reserve the right to make payments or transfers in a different manner than described in this Rider if we (i) are required to do so under applicable statutes, regulations, or decisional law to which we are subject, (ii) must do so to comply with our fiduciary responsibilities as an ERISA Investment Manager as described in Section O of this Rider, or (iii) deem it necessary to make a change to maintain an appropriate distribution of assets under all of our group annuity contracts.

**Special Limitation for Certain Separate Accounts.** If in the period specified below, which ends on the requested date of a transfer, payment, application, or withdrawal, all payments applications, withdrawals, and transfers from the total of all Separate Account Balances maintained under this Rider with regard to a particular Separate Account are equal to or greater than the dollar amount specified below, we will make the portion of the requested payment or transfer in excess of this dollar amount in substantially equal installments over a period not to exceed the period specified below. For purposes of this limitation, payments, applications, withdrawals, and transfers from any other Separate Account Balances maintained with regard to the Separate Account from any other contracts issued in connection with the Plan or with any other retirement plan of the Employer will be included as a payment, withdrawal, application, or transfer from a Separate Account Balance. If this limitation is imposed by us, the first installment will be made one month after the date of request, or on such later date that you specify. The specified dollar limit and period is:

**[\$20,000,000 and 36 months, respectively, for all other Separate Accounts listed in this Rider except Principal Money Market Separate Account.]**

**L. AMOUNT AND TIMING OF PAYMENTS, TRANSFERS, AND WITHDRAWALS**

Any payment, transfer, application, or withdrawal from the value of a Separate Account Balance in accordance with the provisions of this Rider will be in the amount stated in the Notice directing such payment, transfer, application or withdrawal, to the extent that the Separate Account Balance is sufficient. If the amount set out in the Notice is a stated dollar amount, then, to the extent the Separate Account Balances are sufficient, we will pay, transfer, apply, or withdraw such amount. If the Notice directs that a percentage of a Separate Account Balance is to be paid, transferred, applied, or withdrawn, then the amount to be so paid, transferred, applied, or withdrawn will be that stated percentage of the value of the applicable Separate Account Balance as of the Valuation Date immediately preceding the Valuation Date on which the payment, transfer, or withdrawal is to be made, provided that such Valuation Dates are Business Days.

**M. PLANS WHICH MAY INVEST IN THE SEPARATE ACCOUNTS**

The Separate Accounts are not registered with the Federal Securities and Exchange Commission and therefore only Plans that meet certain requirements under Federal securities law may invest in the Separate Accounts. If the Internal Revenue Service or a court makes a final determination that a Plan is not, or no longer qualifies as, a qualified plan, or the Securities and Exchange Commission or a court determines that the Plan does not meet the requirements of relevant Federal securities laws, we will require that you transfer any amounts held invested in the

Separate Accounts. If such a transfer becomes necessary, we will send you an Announcement describing your options. Your responsive Notification must clearly specify the Funding Agent to which you want the amounts held transferred. If we do not receive a timely Notification, we will make the transfer from the Separate Account to such person that which reasonably can act as a Funding Agent, but will not make a transfer to another Document Option. If we can not identify such a person, then we will take such actions as are necessary (including court actions) to have someone appointed to that role, which shall be paid for from the amounts that need to be transferred.

**N. FUNDS**

We are the sole owner of all assets held in the Separate Accounts.

**O. INVESTMENT MANAGER**

Issuance of this Rider constitutes acceptance and affirmation by us that (i) we are an "investment manager" as described in ERISA Section 3(38) solely with respect to the management of assets held in our Separate Accounts and (ii) we acknowledge that we are a fiduciary for this exclusive purpose of managing the assets of such Separate Accounts within the meaning of ERISA.

**P. AMENDMENT BY US.** As of any date, we may unilaterally strike this Rider and replace it with a rider to allow participation in any additional Separate Account or Accounts offered by us. Such revised rider will not change the provisions of an existing Separate Account. Participation in any Separate Account will be by Notification from you. In the event that we make a change to the operation of a Separate Account or decide to permanently close a Separate Account, we may unilaterally strike this Rider and replace it with a rider to reflect such changes or permanent closings, effective upon 60 days Announcement to you.

PRINCIPAL LIFE INSURANCE COMPANY

A handwritten signature in black ink, appearing to read "Len Zimbleman". The signature is fluid and cursive, with the first name "Len" and last name "Zimbleman" clearly distinguishable.

Chairman, President and  
Chief Executive Officer



**TABLE A**  
**LISTING OF SEPARATE ACCOUNTS**

The following Separate Accounts may all be available under this Document.

The maximum Management Fee for all of these Separate Accounts is 2.0%.

[Principal Bond and Mortgage Separate Account  
Principal Bond Emphasis Balanced Separate Account  
Principal Bond Market Index Separate Account  
Principal Capital Appreciation Separate Account  
Principal Core Plus Bond I Separate Account  
Principal Disciplined LargeCap Blend Separate Account  
Principal Diversified International Separate Account  
Principal Equity Income Separate Account  
Principal Government & High Quality Bond Separate Account  
Principal High Quality Intermediate-Term Bond Separate Account  
Principal High Yield I Separate Account  
Principal Income Separate Account  
Principal Inflation Protection Separate Account  
Principal International Emerging Markets Separate Account  
Principal International Equity Index Separate Account  
Principal International Growth Separate Account  
Principal International I Separate Account  
Principal International SmallCap Separate Account  
Principal LargeCap Blend I Separate Account  
Principal LargeCap Blend II Separate Account  
Principal LargeCap Growth Separate Account  
Principal LargeCap Growth I Separate Account  
Principal LargeCap Growth II Separate Account  
Principal LargeCap S&P 500 Index Separate Account  
Principal LargeCap Value Separate Account  
Principal LargeCap Value I Separate Account  
Principal LargeCap Value III Separate Account  
Principal LifeTime 2010 Separate Account  
Principal LifeTime 2015 Separate Account  
Principal LifeTime 2020 Separate Account  
Principal LifeTime 2025 Separate Account  
Principal LifeTime 2030 Separate Account  
Principal LifeTime 2035 Separate Account  
Principal LifeTime 2040 Separate Account  
Principal LifeTime 2045 Separate Account  
Principal LifeTime 2050 Separate Account  
Principal LifeTime 2055 Separate Account  
Principal LifeTime Strategic Income Separate Account

Principal MidCap Blend Separate Account  
 Principal MidCap Growth Separate Account  
 Principal MidCap Growth III Separate Account  
 Principal MidCap S&P 400 Index Separate Account  
 Principal MidCap Value I Separate Account  
 Principal MidCap Value III Separate Account  
 Principal Money Market Separate Account  
 Principal Preferred Securities Separate Account  
 Principal Real Estate Securities Separate Account  
 Principal Short-Term Bond Separate Account  
 Principal SmallCap Blend Separate Account  
 Principal SmallCap Growth Separate Account  
 Principal SmallCap Growth I Separate Account  
 Principal SmallCap Growth II Separate Account  
 Principal SmallCap S&P 600 Index Separate Account  
 Principal SmallCap Value Separate Account  
 Principal SmallCap Value I Separate Account  
 Principal SmallCap Value II Separate Account  
 Principal Stock Emphasis Balanced Separate Account  
 Principal Strategic Asset Management Balanced Separate Account  
 Principal Strategic Asset Management Conservative Balanced Separate Account  
 Principal Strategic Asset Management Conservative Growth Separate Account  
 Principal Strategic Asset Management Flexible Income Separate Account  
 Principal Strategic Asset Management Strategic Growth Separate Account  
 Principal Total Market Stock Index Separate Account

These Separate Accounts are described in “Descriptions of Principal Separate Accounts”. You may request a copy from us at any time.

<i>SERFF Tracking Number:</i>	<i>PRLC-126387691</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>44142</i>
<i>Company Tracking Number:</i>	<i>GPR 40113-17</i>		
<i>TOI:</i>	<i>A03G Group Annuities - Deferred Variable</i>	<i>Sub-TOI:</i>	<i>A03G.002 Flexible Premium</i>
<i>Product Name:</i>	<i>GPR 40113-17</i>		
<i>Project Name/Number:</i>	<i>GPR 40113-17/GPR 40113-17</i>		

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Flesch Certification	
<b>Bypass Reason:</b>	Not applicable	
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Application	
<b>Bypass Reason:</b>	Not applicable	
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Life & Annuity - Acturial Memo	
<b>Bypass Reason:</b>	Not applicable	
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Explanation of Variables	
<b>Comments:</b>		
<b>Attachments:</b>		

GPR 40113-17 EOV.pdf  
GPR 47187-12 EOV.pdf  
GPR 48916-12 EOV.pdf  
GPR 48918-10 EOV.pdf  
GPR 49523-13 EOV.pdf  
GPR 49606-10 EOV.pdf  
GPR 56588-2 EOV.pdf

## Explanation of Variables

**GPR 40113-17**

**GPR 40114-17**

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We intend to present these riders to customers in their entirety in most cases. However, we have designed the riders so they may be used with customers that do not want all Separate Accounts available in their contract.

### **Section which may be substituted or deleted**

If we or the customer do not want all Separate Accounts to be available in their contract, we could substitute the entire bracketed section in the introduction of the riders, or delete references to the Separate Accounts not chosen for the contract.

Introduction	We may or a customer may request that we <u>delete</u> references to Separate Account(s) not offered in their contract.
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### **Sections which may be deleted**

If we or a customer requests that we delete references to Separate Accounts not in their contract (as in the second alternative way of handling the introduction), the following sections may be deleted in whole or in part. We certify that we will not change the language.

Section B	reference to Principal U.S. Property Separate Account using appraised market value
Section B	references to Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account in the definition of Valuation Date
Section D	In Riders GPR 40113-17, if Principal Money Market Separate Account is not available under the contract, we wish to have the ability for the customer to specify another Separate Account to handle unallocated Contributions.
Section I	entire Special Principal U.S. Property Separate Account Limitations section
Section I	references to any or all Separate Accounts in the Special Limitations section

## **Variable Sections**

We may need to change the following sections in the described ways:

Section A	If we are removing references to Separate Accounts not available in the contract, we would remove account descriptions for those same Separate Accounts in Section A. Also, if the Separate Account's investment targets change, we need to revise the descriptions.
Section B	If the compositions of our current Operating Expenses change, we may change the items listed as operating expenses on all contracts of this class issued in the future.
Section B	We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.
Section C	If Principal Bond Emphasis Balanced Separate Account and Principal Stock Emphasis Balanced Separate Account are not in the contract and we are asked by a customer to remove references to them, we would remove those references. Also, the two balanced funds currently pay Management Fees under our other Separate Accounts. If this situation were to change, we would wish to change this wording on all contracts issued after the change.
Section C	We may change the length of the Valuation Period on all contracts of this class issued in the future
Section G	If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.
Section H	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Section I	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Table	In the Table of Separate Account Features, we may delete one or more lines if that Separate Account is not in the contract. Also, we may need to change the percentage of our current annual Management Fee at some time in the future. We certify that we will <u>not</u> change the maximum annual Management Fee.

Footnote #3 can be added to any of the listed Separate Accounts if those Separate Accounts ever invest in underlying Mutual Funds.

## Explanation of Variables

### GPR 47187-12

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We intend to present this rider to customers in its entirety in most cases. However, we have designed the rider so it may be used with customers that do not want all Separate Accounts available in their contract.

#### **Section which may be substituted or deleted**

If we or the customer do not want all Separate Accounts to be available in their contract, we could substitute the entire bracketed section in the introduction of the rider, or delete references to the Separate Accounts not chosen for the contract.

Introduction     We may or a customer may request we delete references to Separate Account(s) not offered in their contract.

#### **Sections which may be deleted**

If we or a customer requests that we delete references to Separate Accounts not offered in their contract (as in the second alternative way of handling the introduction), the following sections may be deleted in whole or in part. We certify that we will not change the language.

Section B	reference to Principal U.S. Property Separate Account using appraised market value
Section B	references to Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account in the definition of Valuation Date
Section I	entire Special Principal U.S. Property Separate Account Limitations section
Section I	references to any or all Separate Accounts in the Special Limitations section

## **Variable Sections**

We may need to change the following sections in the described ways:

- |           |  |
|-----------|--|
| Section A | If we are removing references to Separate Accounts not available in the contract, we would remove account descriptions for those same Separate Accounts in Section A. Also, if the Separate Account's investment targets change, we need to revise the descriptions.   |
| Section B | If the compositions of our current Operating Expenses change, we may change the items listed as operating expenses on all contracts of this class issued in the future.  |
| Section B | We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.  |
| Section C | If Principal Bond Emphasis Balanced Separate Account and Principal Stock Emphasis Balanced Separate Account are not in the contract and we are asked by a customer to remove references to them, we would remove those references. Also, the two balanced funds currently pay Management Charges under our other Separate Accounts. If this situation were to change, we would wish to change this wording on all contracts issued after the change. |
| Section D | If the customer does not wish to use Principal Money Market Separate Account to handle unallocated Contributions, we wish to have the ability for the customer to specify another Separate Account.  |
| Section G | If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.  |
| Section H | For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.   |
| Section I | For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.   |

### **Table of Separate Account Features**

We may delete one or more lines if that Separate Account is not in the contract. Also, we may need to change the percentage of our current annual Management Charge at some time in the future. We will not increase the annual Management Charge to be more than the Maximum Annual Management Charge listed in the rider. We certify that we will not change the Maximum Annual Management Charge and we will not change the maximum number of days allowed to defer transfers or payments.

## Explanation of Variables

**GPR 48916-12**

**GPR 48917-12**

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We intend to present these riders to customers in their entirety in most cases. However, we have designed the riders so they may be used with customers that do not want all Separate Accounts available in their contract.

### **Section which may be substituted or deleted**

If we or the customer do not want all Separate Accounts to be available in their contract, we could substitute the entire bracketed section in the introduction of the riders, or delete references to the Separate Accounts not chosen for the contract.

Introduction	We may or a customer may request that we <u>delete</u> references to Separate Account(s) not offered in their contract.
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### **Sections which may be deleted**

If we or a customer requests that we delete references to Separate Accounts not in their contract (as in the second alternative way of handling the introduction), the following sections may be deleted in whole or in part. We certify that we will not change the language.

Section B	reference to Principal U.S. Property Separate Account using appraised market value
Section B	references to Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account in the definition of Valuation Date
Section D	In Rider GPR 48916-12, if Principal Money Market Separate Account is not available under the contract, we wish to have the ability for the customer to specify another Separate Account to handle unallocated Contributions.
Section I	entire Special Principal U.S. Property Separate Account Limitations section
Section I	references to any or all Separate Accounts in the Special Limitations section



## **Variable Sections**

We may need to change the following sections in the described ways:

Section A	If we are removing references to Separate Accounts not available in the contract, we would remove account descriptions for those same Separate Accounts in Section A. Also, if the Separate Account's investment targets change, we need to revise the descriptions.
Section B	If the compositions of our current Operating Expenses change, we may change the items listed as operating expenses on all contracts of this class issued in the future.
Section B	We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.
Section C	We may change the length of the Valuation Period on all contracts of this class issued in the future
Section G	If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.
Section H	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Section I	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Table	In the Table of Separate Account Features, we may delete one or more lines if that Separate Account is not in the contract. Also, we may need to change the percentage of our current annual Management Fee at some time in the future. We certify that we will <u>not</u> change the maximum annual Management Fee.

## Explanation of Variables

**GPR 48918-10**

**GPR 48919-10**

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We intend to present these riders to customers in their entirety in most cases. However, we have designed the riders so they may be used with customers that do not want all Separate Accounts available in their contract.

### **Section which may be substituted or deleted**

If the customer does not want all Separate Accounts to be available in their contract, we could substitute the entire bracketed section in the introduction of the riders, or delete references to the Separate Accounts not chosen for the contract.

Introduction	A customer may request we <u>delete</u> references to Separate Account(s) not offered in their contract.
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### **Sections which may be deleted**

If a customer requests we delete references to Separate Accounts not in their contract (as in the second alternative way of handling the introduction), the following sections may be deleted in whole or in part. We certify that we will not change the language.

Section B	reference to Principal U.S. Property Separate Account using appraised market value
Section B	references to Principal Diversified International Separate Account, Principal International Growth Separate Account, Principal International SmallCap Separate Account, Principal International Emerging Markets Separate Account, and Principal International I Separate Account in the definition of Valuation Date
Section I	entire Special Principal U.S. Property Separate Account Limitations section
Section I	references to any or all Separate Accounts in the Special Limitations section

## **Variable Sections**

We may need to change the following sections in the described ways:

Section A	If, at customer request, we are removing references to Separate Accounts not available in the contract, we would remove account descriptions for those same Separate Accounts in Section A. Also, if the Separate Account's investment targets change, we need to revise the descriptions.
Section B	If the compositions of our current Operating Expenses change, we may change the items listed as operating expenses on all contracts of this class issued in the future.
Section B	We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.
Section C	We may change the length of the Valuation Period on all contracts of this class issued in the future.
Section G	If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.
Section H	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Section I	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Table	In the Table of Separate Account Features, and if requested by the customer, we may delete one or more lines if that Separate Account is not in contract. Also, we may need to change the percentage of our current annual Management Fee at some time in the future. We certify that we will <u>not</u> change the maximum annual Management Fee.

## Explanation of Variables

### GPR 49523-13

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We will put the Document Number of the Document issued to the client in the first line of this Rider.

Section B Operating Expense	We may change the items listed as operating expenses on all contracts of this class issued in the future.
Valuation Date	We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.
Valuation Period	We may change the length of the Valuation Period on all contracts of this class issued in the future.
Section D	If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.
Section E	Currently, the three balanced funds pay investment manager fees under our other separate accounts. If this situation were to change we would change this wording on all contracts of this class issued after that date. Also, we may modify this section at the client's request if any or all of the separate accounts listed are not included in the list of separate accounts in Table A.
Section F	If Principal Money Market Separate Account is not included in the list of separate accounts in Table A, the documentholder will determine another separate account to be used in this section.
Section I	If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.
Section J	For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.
Section L	<p>We may need to modify the separate accounts listed in the first paragraph as separate accounts are added or removed from our offerings.</p> <p>If documentholders ask that we remove Principal U.S. Property Separate Account from their documents, we would need to remove the Special Real Estate Limitations section, too.</p> <p>We may need to modify the separate accounts listed in items 1 or 2 of the Special Limitation for Certain Separate Accounts section as separate accounts are added or removed from our offerings.</p>

Table A

Normally, all separate accounts available under this Rider will be listed here. However, if a documentholder requests that certain of the separate accounts be removed, those accounts will be omitted from this list.

If new accounts are added in the future, they would be listed here.

## Explanation of Variables

### GPR 49606-10

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We will put the Document Number of the Document issued to the client in the first line of this Rider.

We reserve the right to change the number of Business Days to no more than 30.

#### Section B

##### Operating Expense

We may change the items listed as operating expenses on all contracts of this class issued in the future.

##### Valuation Date

We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.

##### Valuation Period

We may change the length of the Valuation Period on all contracts of this class issued in the future.

#### Section D

reference to Principal U.S. Property Separate Account using appraised market value may be deleted should a client choose not to list this Separate Account in their contract. We certify that we will not change the language.

#### Section E

Currently, the three balanced funds pay investment manager fees under our other separate accounts. If this situation were to change we would change this wording on all contracts of this class issued after that date. Also, we may modify this section at the client's request if any or all of the separate accounts listed are not included in the list of separate accounts in Table A.

#### Section H

If Principal U.S. Property Separate Account is not included in the list of separate accounts in Table A, this language will be deleted.

#### Section I

For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.

#### Section K

We may need to modify the separate accounts listed in the first paragraph as separate accounts are added or removed from our offerings.

If Documentholders ask that we remove Real Estate separate account from their documents, we would need to remove the Special Real Estate Limitations section, too.

If we add new separate accounts in the future, we might need to list them in items 3 or 4 of the Special Limitation for Certain Separate Accounts section.

Table A

Normally, all separate accounts available under this Rider will be listed here. However, if a Documentholder requests that certain of the separate accounts be removed, those accounts will be omitted from this list.

If new accounts are added in the future, they would be listed here.

## **Explanation of Variables**

### **GPR 56588-2**

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We will put the Document Number of the Document issued to the client in the first line of this Rider.

We reserve the right to change the number of Business Days to no more than 30.

#### **Section B**

##### **Operating Expenses**

We may change the items listed as operating expenses on all contracts of this class issued in the future.

##### **Valuation Date**

We may change the dates on which the values of separate accounts are determined on all contracts of this class issued after a date.

##### **Valuation Period**

We may change the length of the Valuation Period on all contracts of this class issued in the future.

#### **Section C**

##### **Default Investment Direction**

This paragraph will be deleted for contracts issued on behalf of Plans involving those Separate Accounts listed on Table A of GPR 56588-2, with transactions processing through the National Securities Clearing Corporation.

#### **Section D**

This paragraph will only be used for contracts issued on behalf of Plans involving those Separate Accounts listed on Table A of GPR 56588-2, with transactions processing through the National Securities Clearing Corporation. This paragraph will be deleted in all other instances.

#### **Section E**

Currently, the three balanced funds pay investment manager fees under our other separate accounts. If this situation were to change we would change this wording on all contracts of this class issued after that date. Also, we may modify this section at the client's request if any or all of the separate accounts listed are not included in the list of separate accounts in Table A.

#### **Section I**

For all contracts of this class issued in the future we may change the number of days within which payments or transfers will be made.

#### **Section K**

We may need to modify the separate accounts listed in the first paragraph as separate accounts are added or removed from our offerings.

We may need to modify the separate accounts listed in the Special Limitation for Certain Separate Accounts section as separate accounts are added or removed from our offerings.



Table A

Normally, all separate accounts available under this Rider will be listed here. However, if a Documentholder requests that certain of the separate accounts be removed, those accounts will be omitted from this list. If new accounts are added in the future, they would be listed here.